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DISTRICT OF COLUMBIA APPROPRIATIONS FOR FISCAL YEAR 1983

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS

NINETY-SEVENTH CONGRESS

SECOND SESSION

ON

H.R. 7144

AN ACT MAKING APPROPRIATIONS FOR THE GOVERNMENT OF THE DISTRICT OF COLUMBIA AND OTHER ACTIVITIES CHARGEABLE IN WHOLE OR IN PART AGAINST THE REVENUES OF SAID DISTRICT FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 1983, AND FOR OTHER PURPOSES

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DISTRICT OF COLUMBIA APPROPRIATIONS FOR FISCAL YEAR 1983

FRIDAY, MAY 14, 1982

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 10 a.m., in room 1224, Everett McKinley Dirksen Senate Office Building, Hon. Alfonse D'Amato (chairman) presiding.

DISTRICT OF COLUMBIA

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

STATEMENT OF ROBERT MOORE, DIRECTOR

ACCOMPANIED BY:
- **MADELINE PETTY, DEPUTY DIRECTOR**
- **ROBERT POHLMAN, CONTROLLER**
- **SIDNEY GLEE, DIRECTOR, PROPERTY MANAGEMENT ADMINISTRATION**
- **SHARON GILLIAM, BUDGET OFFICER**
- **CAROLYN OAKLEY, EXECUTIVE DIRECTOR, HOUSING FINANCE AGENCY**

SUBCOMMITTEE PROCEDURE

Senator D'AMATO. The subcommittee will come to order. Today the Subcommittee on the District of Columbia begins its hearings on the fiscal 1983 budget estimates of the Nation's Capital.

The budget estimates for the District total $1.9 billion, an increase of 4 percent over the current year.

Our first witness this morning is Mr. Robert Moore, Director of the Department of Housing and Community Development.

Mr. Moore, would you introduce your colleagues for the record?

Mr. MOORE. Thank you very much, Senator.

Senator D'AMATO. I'd ask in the interest of many things, not the least of which was the fact that we didn't adjourn until 5:30 this morning, if you would summarize your written testimony and we'll receive the balance of it into the record in its entirety.

Mr. MOORE. Thank you very much, Senator. Good morning.

INTRODUCTION OF ASSOCIATES

I am joined in this testimony, to my right, Madeline Petty, who is Deputy Director of the Department of Housing and Community Development, and proceeding to my left, Sharon Gilliam, the Budget Officer for the Department, Kenneth Coburn, the Director of Planning, Administrator of Planning, and Phil Miller, a planner in our Department.

PROGRAM INCREASES REQUESTED

I'll just summarize very quickly, Senator, that the Department request this year is $26,707,000, an appropriation for basically four important programs. Part of this is related to the District's strategy on Alabama Avenue and we have submitted for you and your staff a copy of the Alabama Avenue renaissance that proposes to move into ward 8. Ward 8 is the area in the District that has the most negative social demographic statistics in terms of income, unemployment, crime and housing deterioration. The ward 8 program represents a major effort to purchase some 2,000 vacant, boarded up, privately owned units, to rehabilitate those units as sales housing, both condominium and cooperatives, and to see if we can create a better balance in that area which has some 24,000 housing units, of which 20,000 are rental and only 4,000 are sales. The ward 8 program will also continue and expand our home purchase program where we provide downpayments for low- and moderate-income families to purchase privately owned housing and also housing developed by the city. It will also continue to move forward our rehabilitation financing program which provides low-interest construction financing, so that we're able to provide housing for sale at a reduced cost to District residents.

The other part of our request relates to the low-rent public housing operations, to support our public housing by providing appropriated funds for utility increases and for energy conservation.

Finally, in our Capital budget, we are continuing to provide funds for the rehabilitation of some of our over 12,500 units of public housing.

In summary, we think this program is an important one. It provides a focus for jobs, increased homeownership, additional funds for home purchase, funds for energy increases and energy conservation and some small increase in our staff, 11 positions from 1982 to fiscal year 1983.

Thank you.

HOUSING COMMITMENTS IN WARD 8

Senator D'AMATO. Thank you, Mr. Moore.

In relationship to ward 8, the Alabama Avenue renaissance, what is your total commitment to that area in next year's budget?

Mr. MOORE. Our total commitment exceeds some $20 million. Of this, $5 million is from appropriated funds, a portion of which, $2 million, is to finance acquisition of housing which we use for the purchase of some 200 units. Additionally, we propose to use some $3.4 million for home purchase.

The Capital budget also includes major public housing modernizations. In previous budgets we've had from $14 million for the Barry Farms Public Housing Development, some $9 million proposed in fiscal year 1983 for the Highlands dwellings, and additionally, we're proposing to spend some $1 million from our community development block grant for job training and to train nonprofit organizations in the production of housing and social services.

Senator D'AMATO. I note that 17 percent of the houses, as you've testified, in ward 8, are owner occupied and you have allocated approximately 200 homeownership loans for this particular area. No. 1, will you utilize those in that area, the 200, or is that citywide?

Mr. MOORE. That's just in that area. We intend to target those loans to the 200 units that we are going to acquire and to assist residents in that area and people from outside that area to use those homeownership loans to buy the housing.

Our major effort here is to increase the income mix in the area in order to have more stable income so that we can do the kind of economic development that's necessary to develop this most depressed area in the District of Columbia.

FISCAL YEAR 1982 FUNDING APPROVED FOR HOUSING FINANCE AGENCY

Senator D'AMATO. I have a concern because last year during our conference with the House over some strong objections from my House colleagues, we were able to get the Congress to go along with $2 million to allow the Housing Finance Agency to issue single-family mortgage revenue bonds. Later, on April 12, the Mayor informed us that because of high interest rates that you were expanding the eligibility to multifamily rental housing as well.

Now, my concern, No. 1, I'd like you to elaborate on the reasoning, but second, are you helping people buy income-producing rental housing? Is it for new construction or rehabilitation of existing structures? What kind of criteria are utilized in this?

Then third of all, how many single-family houses did we provide as a result of that program? Because, you see, I am most concerned with the aspect of providing the incentives for homeownership because that becomes an important criterion for neighborhood stability and if the program is one that comes about and creates a situation where we increase economic opportunity for landlords, then we're missing the target. And I don't know if I can carry the ball on that kind of a battle again.

Mr. MOORE. Well, I'm joined by Carolyn Oakley, who is the Executive Director of the District of Columbia Housing Finance Agency. I would like to make one comment, then Miss Oakley will comment. I'm a member of the Board of the Housing Finance Agency.

The Uhlman legislation made it so difficult to do a single-family issue that the Mayor requested that we move forward with some substantial activities in multifamily housing while there are some amendments being proposed in the Congress to change the Uhlman legislation to make it more useful in terms of providing some single-family housing.

I'll ask Ms. Oakley to comment further on your three questions. Ms. Oakley?

Ms. OAKLEY. Good morning, Mr. Chairman.

Senator D'AMATO. Good morning.

SHIFT IN USE OF HFA FUNDING

Ms. OAKLEY. In response to your question the $2 million was originally appropriated, as you noted, for use in our single-family program. It became evident after that appropriation that there was no way to fund the agency's fiscal year 1981 section 8 subsidy program. The first year of operation of the agency, 1981, the agency was allocated roughly 550 units of section 8 subsidies. The rent levels on the subsidies are programed to support a debt service rate of 8 percent. Today there's no money available, even close to the 8-percent range.

As a result of that, HUD came out with the financing adjustment factor. That would increase the fair market rents to a level that could support a 12-percent debt service rate.

However, in today's tax-exempt bond markets 30-year debt is being sold at about a 13- or 13¼-percent interest rate.

Then the problem arose as to how the city and the developers were going to assist in building those section 8 units, given the gap that had to be bridged between 13¼ and 12 percent.

In working with the developers and other agencies within the city, primarily DHCD, we have been able to structure a program whereby there is a contribution on behalf of both developers and the city to make those projects financially feasible.

I should note that most of those projects involve a tenant association joint venture with developers. One project, Franklin Commons, is our first new construction in the northeast section of Washington for low-income families. All of the projects have a predominance of two-bedroom units, addressing the need of low-income families for housing. We were trying to utilize the money to further facilitate the development of low-income housing.

To the extent that all of the $2 million is not necessary to write down the interest rate on the fiscal year 1981 section 8 units, it would be made available for our single-family program.

Senator D'AMATO. All right.

Ms. OAKLEY. That was the purpose of the Mayor's request.

RESTRICTIONS IMPOSED BY UHLMAN LEGISLATION

Mr. MOORE. I think certainly one other important point, and I think Ms. Oakley can help me on this, but since the passage of the Uhlman legislation, few if any housing finance agencies have been able to go to the market with a single-family mortgage bond without tremendous subsidy because of the 1-percent arbitrage limitation and other limitations that were placed in the Uhlman legislation. That is being eased, as I understand, at least there's some motion in Congress to do that, and we hope to get back to what we want to do, which is much more in single-family homeownership.

But certainly as a contingency we still have to continue our efforts to build low-income and moderate-income multifamily housing until those restrictions are eased.

NO SINGLE-FAMILY SUBSIDIES IN FISCAL YEAR 1982

Senator D'AMATO. As a practical matter, then, there were no one-family houses that were built or rehabilitated under this program?

Ms. OAKLEY. Correct. The $2 million has not been utilized yet and there has been no financing by the agency of any one-family houses to date.

In our fiscal year 1982 budget, as you will note; there's an additional $2 million required and that will be made available for homeownership among other things. Since HUD has determined, basically, that they are not going to make available any section 8's in 1982 and in 1983, this is the last allocation as far as we can see, in the near future, of section 8 subsidies to the District.

INTEREST IN SINGLE-FAMILY OWNERSHIP

Senator D'AMATO. I'd very much like to see the city and the HUD people work with my housing people and see what we can do to deal with the problem of utilizing mortgage revenue financing for one-family homeownership, because I think, again, it becomes critical that you give working people who otherwise would not have an opportunity of purchasing a home, this opportunity in these neighborhoods if we're going to create stability. I just think it becomes absolutely essential. You don't build block associations. You don't build pride in the community if the developers come in and they make their profits and the people just don't have a real stake and that's really one of the reasons I supported this portion of the program and I'd like to continue to support it, but I want to be assured that we have some reasonable hope of providing homeownership.

I just think it's an important thing.

JOINT VENTURE OF DEVELOPER AND TENANT ASSOCIATIONS

Ms. OAKLEY. It should be noted for the record, Mr. Chairman, that in substantially all the projects the tenant associations are a joint-venture partner with the developer. It is not just merely the developers developing the property and potentially gaining all the profits.

Senator D'AMATO. What is the ratio of equity? What is the ownership?

Ms. OAKLEY. In most instances there is a split. The syndication proceeds, 99 percent of the project is being syndicated but a substantial portion of the syndication proceeds is going back into the project to make financing feasible, and in at least two instances virtually every dollar, nickel, and cent, is going back in to make the project financially feasible.

Senator D'AMATO. I see.

Ms. OAKLEY. I must say in these deals, because of the economics, most of the developers are participating because they have been involved with them for a long period of time and they have expended substantial resources. They will basically be breaking even and returning their expenditures to date. Some of them have been involved in extended zoning litigation to get the site approved for low-income housing. All kinds of other problems have confronted them.

Basically, the money is going back in to make the project financially feasible.

I don't know whether or not you're aware, but to bridge the gap between 12 and 13¼ percent you're talking about 12 points on the mortgage amount. That's an awful lot of money and the only resource for that, quite frankly, is the developer's money.

Senator D'Amato. All right. I have a number of other questions which I will submit to you for the record and would hope that you could respond in a reasonable period of time. Let me touch on one other matter before we go to our next panel.

GAO REPORT CONCERNING URBAN RENEWAL PROPERTY

The General Accounting Office has recently issued a report concerning the price received for urban renewal property in the District. The question arises as to why the District doesn't get more for its property in view of some of the recent private sales in the same areas? Would you briefly comment on the whole issue? GAO points out, and we would note, that you generally follow HUD guidelines in these matters.

But one of the questions raised was the timeliness of the appraisals, in other words, what is the normal time between the appraisals and the establishment of selling price. Also, what is the normal annual appreciation of such a property, if there is, indeed, any appreciation?

Another concern was that there is no established procedure for disposing of urban renewal property or for selecting one developer over another. Maybe this has been remedied but even the perception of this, I think, does not inure to the benefit of the entire program and to a lot of hard work and there should be, if there isn't, very clearly spelled out and definitive guidelines in this area. That's a whole big area, but if you'd like to address part of it I'd be interested.

PRICES OF DOWNTOWN RLA SITES

Mr. Moore. Certainly, sir, and I thank you for your interest.

Let me say first off that we appreciated GAO's report and in many instances they congratulated us on our efforts. What we have been confronted with is a report that says $500 per square foot represents the fair market value in downtown property in comparison to RLA's prices which range from $133 to $141 per square foot on two sites and a primary value of $377 per square foot on three other sites.

Now, what we've had in downtown is a few isolated private sales at a high value that cannot be viewed in isolation as representing a true value of downtown land for the surrounding area. Downtown is very segmented and each price is according to parcel location. There's one price on 15th Street and it goes down on 14th and as you move down the streets, 12th, 11th, and 10th, the prices move further down.

When we did our survey of recent appraisals and recent sales of land in the downtown area surrounding our parcels, it revealed there were 13 sales with prices that ranged from $78 to $199 per square foot, 8 sales with prices ranging from $200 to $299 a square foot, 2 sales of $300 to $399 a square foot, and 3 sales of $400-plus per square foot.

On each one of those sites that were sold for $500 a square foot or more there is no construction. We do an appraisal, our appraisals are updated every 6 months. Though HUD only requires that the appraisals be updated every 18 months, the Board has a policy of updating every 6 months.

DISPOSITION POLICY AND PROCEDURES

We do have a disposition policy and procedure that has been published for comment. That is going to final publication for effect in the next 30 days and we hope that this will resolve some of those issues.

But finally let me say, since I have the opportunity to negotiate many of the major sales, that we are also trying to use our policy to get the kind of development that we need downtown, not only that which provides office buildings, but also that which provides the kind of retail shopping that enables us to compete with the beltway shopping centers and at the same time have a public policy to encourage hotels, to encourage large department stores.

URBAN RENEWAL MASTER PLAN

Senator D'AMATO. Do you have a master plan?

Mr. MOORE. Yes; we do. An urban renewal plan is enacted into law in the District of Columbia.

Senator D'AMATO. Do you have a master plan that spells out that area that you are going to get into for retail shopping, et cetera, and other areas? Do you designate these sites or do you have flexibility in terms of indicating whether or not something will be a shopping mall or whether it will be a high-rise office building or some other such thing?

Mr. MOORE. The plan basically says land shall be commercial and it's up to the RLA Board which has flexibility to designate a specific use for a specific site.

PLANNING STAFF

Senator D'AMATO. Let me suggest to you, having had limited, very limited, experience in this area, that—who is your major planner and does he work with you on a full-time basis?

Mr. MOORE. Yes; we have a planning staff.

Senator D'AMATO. Do you have an outside consultant?

Mr. MOORE. Yes; we do. We use outside economic consultants and economic analysis consultants, available here in the District.

Senator D'AMATO. Do you have on retainer an outside planner just for this area?

USE OF OUTSIDE CONSULTANTS

Mr. MOORE. No; we don't. We have our planners and also we are assisted by the downtown planners in the Office of Planning and Development.

Senator D'AMATO. Sometimes we can become somewhat myopic and in our great hope to bring about rehabilitation and renaissance and all of the other things that we strive for we fail to keep up with the shifting markets and the trends and maximize the opportunities that exist. Time is money and when you miss this opportunity things move in other areas and they develop in other areas and there comes, sometimes, a lost opportunity, and it would just seem to me that in terms of the magnitude of the kind of undertaking that you have, that you should have some of the best, most steeped planners in this area that you would be consulting with.

I don't mean big, fancy consulting fees of hundreds or thousands of dollars for someone to come in and draw pretty pictures. But there are experts in the area of traffic patterns and flows who can develop and have developed the outlines for what can be viable and save a great deal of time, because it bothers me to see and to hear the kinds of things that have taken place in terms of why developer X, Y, or Z has been chosen, why a particular program has been undertaken. Have all of the alternatives been sufficiently explored? Are we sometimes not being pennywise and poundfoolish by opting, maybe, for a slightly higher price or for the promise of certain participation by various groups and then we get no project to speak of, but we get people who are thinking they're going to make a grand score because they've got the in, they've got this piece of it, and everybody suffers?

I think that when we talk about something that is so critical and which is of great concern to the Members of the Congress, certainly to our Nation's Capital, and its vibrance and its vitality and its business and commercial districts, not just the appearance on the Hill, so to speak, this little sacrosanct area, it becomes important. And I think that the Members of the Congress do have a certain pride in that.

I would encourage you to, No. 1, get to us that booklet that you indicated, Mr. Moore, that you're working on, as quickly as possible.

Second, spelling out criteria, it seems to me that sometimes an outside view, and I would suggest that you have at your fingertips, if not in the region at least in the vicinity, Philadelphia and New York, Washington, even the Boston metropolitan area and I don't mean to exclude anybody from any of the southland out of this, but from that whole area, some of the leading talented firms who would, if called upon in certain endeavors, I think, loan themselves and their expertise to the city.

Now, that doesn't mean that they're going to then get in and give you hundreds of thousand dollars' worth of work, but you could draw upon them and you should because you really don't have a program.

I opted into urban renewal years ago. I came into government 20 years ago throwing out an urban renewal plan because nobody had a plan; they just had a project and everybody was going to come in there and sit at the table and eat up all the good parts while poor people suffered. So, I do know a little bit about it.

LACK OF COORDINATED PLANNING AND OUTSIDE EXPERTISE

I don't want to say to you that I'm going to meddle but I will tell you this, that if there's one thing I'm going to do this year, it's going to be that I see that you get some structure in there so that we more clearly define what is doable and we move some of these projects and get them underway and don't dicker around with developers and play games with them, because that does not make this community, this Nation's Capital, look good. It comes back in a terrible way to the administration and all the good efforts that go on, the night and day, the struggles to save a community, are wiped out with the kinds of headlines and the kinds of appearances that are created as a result of what I have observed to be a lack of coordinated planning and outside expertise.

Sometimes the outside experts and particularly those who are beyond reproach in terms of their standards, can make a difficult job or an impossible job one that becomes possible, because they are in the position to sign off and to say to anyone, "This is why we've gone in this direction and recommended this kind of development, for the long pull," and the city doesn't have that. If you don't have it, you'd better get it, because I don't think we should turn over these kinds of funds or approve their utilization in such a way without that kind of expertise.

I am not deprecating any of those people on staff or any of your planners. I'm just suggesting to you that that should be bolstered and whatever dollars would be well, well spent and would provide dividends, both in the short term and in the long term.

In the short term in the integrity of the plan and of those who are being chosen and in the long term, hopefully, of developing something that brings the full potential to the District of Columbia. So, I would hope that you'd get a copy of these remarks and read them over and they're not meant in a personal sense to criticize anyone who is here before this committee today, but they are made both as a suggestion and a rather strong urging that you begin to do something in this area.

NEGATIVE PRESS

Mr. MOORE. Senator, I would make one comment to that. I am glad that you have the interest and certainly your comments are instructive and helpful. But let me also say that it's unfortunate that the press in the city characterizes much of what we do in a negative sense.

Senator D'AMATO. Mr. Moore, I have been I guess a little over a year now the subcommittee chairman of this District of Columbia Subcommittee. I have never done that.

Mr. MOORE. No.

Senator D'AMATO. Although I may have had some differences on particular matters, I've tried to resolve them in a governmentally sound way. I am telling you and I had my share of problems, believe me, Come up to New York and see the way the press characterizes some of my positions. So, I understand press, media.

Notwithstanding that, I'm going to suggest to you that the city's act can and should be cleaned up in this area. I know about the press. They can create a real situation.

MAJOR ADVANCES MADE

Mr. MOORE. I'm not suggesting that the press were the whole problem, Senator. My point is that we have been able to make some major advances. We were able to bring in a major merchandise activity. And we could characterize it not as we have created 500 new jobs, but sometimes the perception is one, notwithstanding that, there is a need to structure. We do use consultants. We make greater use of consultants. We use Hammer, Siler, and George Associates, and many other economic and planning consultants, and I think we can do a lot better in that area. But certainly it is one where there's been great progress and one in which we are going to continue to strive to meet, certainly, the objectives that you have in helping us with your experience in local government.

Senator D'AMATO. When will you have that little booklet?

Mr. MOORE. As I understand it, it is prepared now and it will be published in the next 2 weeks.

Senator D'AMATO. You don't even have to send me a published volume. Send me the draft.

Mr. MOORE. Right. I'll send you a draft copy.

Senator D'AMATO. Good.

Mr. MOORE. I'll have it here, a draft copy.

Senator D'AMATO. Send it to Mr. Leeth.

Mr. MOORE. OK, thank you.

SUBMITTED QUESTIONS

Senator D'AMATO. Let me thank the panel for their cooperation. As I've indicated, we have some other questions that we'll submit to you for the record, and let me wish you continued success in a difficult role, and one that is so important to urban America, and it's not easy and I don't want you to think that the Chair is being unduly critical or harsh, but I am interested because I think your efforts can make a difference.

Mr. MOORE. Thank you very much, and we thank you for your support.

[The following questions were not asked at the hearing but were submitted for response for the record:]

QUESTIONS SUBMITTED BY SENATOR D'AMATO

Senator D'Amato:

1. An area that you spent some time on and which receives a great deal of attention in the 1983 budget is the Ward 8 Alabama Avenue Renaissance. What is your total commitment to the area in next year's budget?

Mr. Moore:

1. A total of $5 million in appropriated funds is being requested for rehabilitation and home purchase assistance for the Alabama Avenue Corridor. A portion of the $2 million FY 1982 appropriated acquistions will be used to purchase approximately 200 units. Major public housing modernization is planned under the Capital Budget for Barry Farms ($14 million FY 1982) and Highland Dwellings ($9 million FY 1983) and Highland Addition is included in the Capital Program out years for FY 1984 ($8.6 million). In addition, approximately $3 million in other commitments have been made by DHCD from January 1979 through the beginning of 1982, and a major housing and commercial development at Knox Hill of over $20 million is planned. We expect an even greater level of program activities in Ward 8 next year from the range of Community Development Block Grant programs. Our proposed CD-8 Program contains specific funding for developing recreational facilities at Oxon Run Park and for job training for Alabama Avenue Reanaissance construction activities.

Senator D'Amato:

2. What is that as a percentage of your total citywide commitments of Section 8, Rehabilitation Financing and Home Purchase Assistance Programs?

Mr. Moore:

2. Of the $5 million citywide Rehab Financing funds $3.4 million (68%) are for Ward 8. Since January of 1979, when the HPAP Program was first made available on a city-wide basis, twenty-seven and one tenth percent (27.1%) of the HPAP loans closed have been in Ward 8. Similarly, twenty-six and eight tenths percent of all Section 8 leases in the city are currently in Ward 8 (26.8%).

Senator D'Amato:

3. The Mayor pointed out in announcing the program in March that nearly 10% of the housing units in the Ward are boarded up. Are these structures sound and who owns them?

Mr. Moore:

3. The vacant and boarded buildings in Ward 8 are owned by many different private individuals and companies. They are sound structures that need some rehabilitation.

Senator D'Amato:

4. Mr. Moore you have also noted that only 17% of the houses in Ward 8 are occupied by the owner. Home Purchase Assistance will provide approximately 200 homeownership loans, given interest rates and the areas economy, is this realistic and sustainable? What are your homeownership goals for the area?

Mr. Moore:

4. We would encourge homeownership to raise the proportion of families who own their homes from 17 percent toward the 34 percent average for the City, although achievement of this goal will depend in large part on market conditions and the availability of homes for sale.

Senator D'Amato:

5. What is the status of the current program to privide 20 home loans in Anacostia?

Mr. Moore:

5. The effort to provide HPAP loans in Ward 8 during Fiscal Year 1981 actually exceeded expectations. Sixty (60) HPAP loans were closed in Ward 8 during Fiscal 1981.

Senator D'Amato:

6. While the Alabama Avenue initative is a major push beginning in 1983, since 1979 $9 million has been spent by city agencies in the area and your program calls for a total of $35 million beginning in 1983. Over what period of time is the $35 million expected to be spent and what is the housing department's share?

Mr. Moore:

6. Actual expenditure of the $35 million will take place between January 1979 and the end of 1987. A large portion (approximately $32 million) of the funds is for public housing modernization under the Capital Program, and the time for project completion is estimated at three years. Highland Addition is planned for FY 1984 funding and completion would be expected by the end of 1987.

Senator D'Amato:

7. I note that the expected Federal grants are down 4% in 1983 and your appropriated budget is up 70%. Do these estimate take into account the President's recent budget and authorizing request. What impact do you see from reductions in some Federal programs?

Mr. Moore:

7. This budget takes into account the President's Budget as presented in January, approximately the time that we were preparing this budget. The major impact for the department will be in the proposed reductions for low income housing subsidies and the cessation of new commitments for Section 8. The reduction of subsidy funding will cause deficits in the operating budget for our low income housing program, even with the requested appropriated funding. The lack of new Section 8 commitments should not affect our ongoing programs but it will adversely affect the availability of affordable rental housing in the District.

Senator D'Amato:

8. Mr. Moore, I have a couple of questions about your capital improvements budget. In FY 83 your capital request is $17 million less than estimated last year in the Capital Improvement Program. Certainly there isn't less need- what type of projects fell out and why?

Mr. Moore:

8. Following is a comparison of those projects proposed to be requested in Fiscal Year 1983, contained in the "Capital Improvements Program Fy 1982 - 1987", to those actually requested in FY 1983:

Proposed for FY 1983 and Dropped Entirely:

DB 36	Barney Drive Paving - Ft. Lincoln	$ 1,812.0
DB 38	Comprehensive Renovation - Greenleaf Garden	7,681.3
DB 37	Paving Ft. Lincoln Drive	720.0
DB 42	Comprehensive Renovation - Stanton Terrace	11,982.8
	TOTAL PROJECTS DROPPED	($22,196.1)

Projects Reduced or Increased in Amount of Funding:

		Plan	Act.	Dif
DB 34	Grading, Paving Ft. Lincoln	5,564.0	1,500.0	(4,064.0)
DB 35	Paving, 33rd Place	548.0	552.0	4.0
		Net Change		($4,060.0)

Projects Added:

DB 43	Comprehensive Renovation Highland (moved ahead from 1984)	$ 9,000.0
DB 50	Improvements at Various Projects	1,630.0
	Total Additions	$ 10,620.0
	Total Net Change	$(15,636.1)

Senator D'Amato:

9. In the out years - 83-87 your CIP Program estimates are $5 million below last year's estimates. In your reevaluation of the capital needs do you expect them to show an increase rather than the decrease shown this year? In what areas?

Mr. Moore:

9. We would expect the out years of our capital program to remain fairly constant at the FY 1983 level. We would expect to continue to upgrade our low rent housing properties and to meet out commitments to the Ft. Lincoln and Capital Gateway projects.

Senator D'Amato:

10. The GAO issued a report concerning the price received for Urban Renewal property in the District. The question arises as to why the District doesn't get more for its property in view of the recent private sales prices in the same areas, Would you breifly comment on that whole issue?

Mr. Moore:

10. We are concerned by the implication in the recent GAO report that $500 per square foot represents fair market value for downtown property, in comparision with RLA established values of $133 and $141 per square foot on two sites and a preliminary value of $377 on 3 other sites. A few isolated private sales at a high value cannot be viewed in isolation as representing the true value of land for a large surrounding area. For example, recent appraisals of downtown land indicate the following range of private sales prices of land in downtown during 1980-81:

Price Range	No. of Sales
$78-199/square foot	13
$200-299/square foot	8
$300-399/square foot	2
$400+/square foot	3

Senator D'Amato:

11. GAO points out, and we would note that you generally follow HUD guidelines in these matters, but one of the questions raised was the timeliness of the appraisals, What is the normal time between appraisal and establishment of selling price, also what is the normal annual appreciation of such property?

Mr. Moore:

11. HUD requires an appraisal to be updated if the appraisal is 18 months old or older. However, the RLA Board of Directors has followed a practice of requiring an appraisal to be updated if it is more than six months old.

Annual appreciation for parcels is determined by the location and the real estate market at the time. There really is no "normal" predictable appreciation.

Senator D'Amato:

12. Another concern was that there is no established procedures for disposing of Urban Renewal property or for selecting one developer over another. Has that been remedied?

Mr. Moore:

12. The Disposition Policy will go to final publication within 30-45 days.

Senator D'Amato:

13. The Department is requesting an additional $6.9 million for low income housing. What is the total budget for this program and how many additional units will be available as a result of this increase?

Mr. Moore:

13. The total budget for low rent housing is $36.6 million. The requested $6.9 million will provide for no additional units. The requested amount makes up for an expected reduction in federal subsidy funding and denial of any further utility adjustments.

Senator D'Amato:

14. You state tht you expect to acquire 125 properties for redevelopment in 1983. How many such properties does the District now own and how many do you expect to acquire the remainder of the year? Also how many do you expect to dispose of this year?

Mr. Moore:

14. The Department has over 1,000 individual lots some including structures, in its inventory. The vast majority of these are Urban Renewal properties which are sold for development to the private or not-for-profit sector. All parcels acquired by the Department with approriated funds will be rehabilitated and disposed of within the fiscal year. In addition the department expects to dispose of 25 Urban Renewal parcels comprising 33.65 acres of land.

Senator D'Amato:

15. Will these properties be primarily residential or business? How many will be rehabilitated for residential use?

Mr.Moore:

15. Properties purchased from appropriated funds will be solely residential; Urban Renewal properties that are sold for redevelopment will be both commercial and residential.

Senator D'Amato:

16. Page DB-6 indicates that overtime is expected to increase by a third over the current year, which is twice what it was in 1981. Why is this? Is it cost effective?

Mr. Moore:

16. The increase in overtime reflects an effort to more closely budget actual experience in overtime payments. The bulk of the increase is in code enforcement where inspectors are called out on an emergency basis and the Director's office where clerical support staff are required to work beyond normal working hours. Out of a total personal services budget of $8.8 million $45,000 or two full time equivalent average salaries is thought to be extremely cost effective.

Senator D'Amato:

17. Building rent has increased substantially since 1981. Why? Are these office space, if so give us information about the number of square feet utilized in each of the years 1981-1983? We note that the staff will increase by 11% but the building rent is expected to go up almost 10 times in that period.

Mr. Moore:

17. Gross building rent has actually decreased in the period 1980-1983 through the consolidation of almost all staff in one building where costs are approximately $9.00 per square foot through 1991. The appropriation's share of rent has increased because of the reduction in grant funds and grant funded personnel; an increase in the number of personnel funded by the District appropriation; and the Department's requirement to conform to OMB circular A102 which forbids charging a disproportionate share of departmental overhead costs to grant budgets.

Senator D'Amato:

18. You plan to offer 200 homeownership opportunties in 1983 as part of the Ward 8 Alabama Avenue project. Tell us a little more about this, for instance will these homes have to be rehabilitated, at whose expense and what effect will current high mortgage interest rates have on this program?

Mr. Moore:

18. Properties obtained for the Alabama Avenue Project will be rehabilitated using rehabilitation financing funds requested in this budget. To some degree the Department hopes to mitigate prevailing high interest rates through the use of Home Purchase Assistance Program (HPAP) funds also included in this request. The 200 homeownership opportunities are predicated on mortgage interest of 17% +.

Senator D'Amato:

19. Are your estimates of Federal funds still the same? If not, explain.

Mr. Moore:

19. Our estimates of Federal funds remain the same, since to date there has been no final FY 1983 budget passed by Congress and approved by the President. Federal grantor agencies do not yet have final figures on their FY 1983 programs.

Senator D'Amato:

20. Your justification materials indicate that the Federal portion of the Low-Income Housing Subsidy will be held to 85% of the entitlement amount. Also that if this amount were cut by another 10% and rents increased 5% you would encounter a $3.5 million deficit. Please explain in more detail how this occurs and how it would be covered?

Mr. Moore:

20. Another 10% out of our entitlement under the Performance Funding System (PFS) would cause a loss of $2.23 million. Further with an increase in the rent base to 30% of income, counting foodstamps as cash income for the first time, HUD will further reduce the subsidy by increasing our expected rentals. This loss is expected to be about $500 thousand. Lastly the department has to take an $800 thousand downward adjustment in FY 1983 for Home Energy Assistance funds received in FY 1982. The net effect of these formula revisions and adjustments is calculated to be $3.5 million less in federal support. It is not yet been determined how such a reduction would be handled though it will certainly include a reduction in costs in the areas of personnel and maintenance.

Senator D'Amato:

21. The Office of Policy Planning and Evaluation is requesting a doubling of its staff for the second year in a row. Yet the program measures listed on page DB-24 of the justifications appear to be rather static. Why are 4 additional positions necessary? Also, of the 4 positions currently authorized how many are funded, on-board and how many temporary positions does the office utilize?

Mr. Moore:

21. The four positions requested to be funded are in the area of historic preservation where federal funding is being cut. The staff is on-board and will continue the same types of historic preservation work as in the past. Of the currently authorized positions all are funded and on-board. The office has no temporary positions.

Senator D'Amato:

22. Concerning your program to assist tenants purchase their apartment buildings, what is the nature and extent of the City's continuing assistance?

Mr. Moore:

22. The District has two major programs designed to assit tenants in purchasing multi-family buildings: the First Right Purchase Assistance Program and Cooperative Seed Money Loan Program. The First Right Purchase Assistance Program lends funds for actual building acquisition costs, for emergency or interim rehabilitation costs, and for certain other development costs. The Cooperative Seed Money Loan Program lends funds for "soft costs" Such as legal and architectural the purchase of a building. In addition to these two loan programs, the District provides technical assistance directly to many tenant groups seeking to purchase their buildings. The technical assistance is provided primarily through the services of a non-profit organization under contract to the City. Department of Housing and Community Development staff members also provide some technical assistance. A total of 21 developments have been assisted as of May 31, 1982 under the First Right Purchase Program with loans totalling $3,647,118. Eighteen of these loans enabled the tenant groups where the groups have not completed the actual purchase of the buildings as of this date. The three buildings on which earnest money loans have been made comprise a total of 272 units, bringing the total number of units assisted under the program to 1,449. In the Coop Seed Money Loan Program, we have closed 23 loans totalling $400,264 and covering 1,248 units of housing as of May 31, 1982. Many of these loans were made to the same buildings as those receiving the First Right Loans, and there is thus some overlap in the unit numbers for the two programs.

We have also used the Home Purchase Assistance Program (HPAP) to assist several tenant groups in purchasing multi-family buildings, although the bulk of the loans under that program have been made to individual households purchasing single units.

The combined total of multi-family developments which were financially assisted towards purchase of their buildings through May 1982 were 33 developments purchased with a total of 1,576 units, and four developments now under contract for purchase with a total of 425 units. Total public dollars lent to assist these buildings were $7,791,591, including some rehabilitation loans. Total private dollars invested were $46,215,342. This represents a leveraging ration of 4.9 private dollars for every public dollar.

Senator D'Amato:

23. What is the payback schedule of these loans, and the level of involvement of the private sector?

Mr. Moore:

23. The level of private sector involvement in this program is mentioned in answer to question #22. The First Right and Coop Seed Loans are designed to be paid back within eighteen months, following refinancing of the loans on the properties. Because of the current state of the housing finance markets, however, and because of the movement away from Section 8 housing subsidies by the current national administration, many of the loans will have to be extended until interest rates come down or until an alternate housing subsidy program is enacted. Only two of the First Right and Coop Seed Money loans are actually delinquent at this point, and we are now working with these groups to extend the terms of these loans. Several others will be coming due in the next few months where extensions will also be needed.

Senator D'Amato:

24. Please tell the Committee the status of each of the recommendations on page 12 of the GAO Report entitled "District Could Get More For Urban Renewal Property, But HUD Debt Will Be Repaid.

Mr. Moore:

24. It is most gratifying to note that the said audit report states that the District of Columbia Redevelopment Land Agency (RLA) follows the United States Department of Housing and Urban Development's guidelines in disposing of urban renewal property. On Devember 25, 1981, the Redevelopment Land Agency published Land Disposition Rules in the D.C. Register for comments. After reviewing and considering all comments received on the proposed rules, the RLA will publish revised rules for effect within the next thirty days.

The RLA Board will follow the selection criteria cited in its Land Disposition Rules and continue through open public discussion to state the reasons a particular developer is selected to develop an urban renewal site.

Documentation of the process of developer selection and land price determinations will follow the process as set out in the proposed D.C. RLA Land Disposition Rules, which state clearly on what basis developer selection will be made and how land prices will be determined.

While this office is convinced that the RLA must give great weight to urban renewal goals in considering the disposition of RLA owned land, the RLA Board will require that land prices be established based on two independent appraisal reports and the highest price the board determines to be in the best interest of the District of Columbia.

The disposition files have been put in a more orderly and complete state, through a records management system, which contains all pertinent information and complies with the U.S. DHUD and RLA requirements.

The District's urban renewal land sales program has been and continues to be most active, and has stimulated growth in this City. Land sales will generate sufficient funds to pay off the remaining debt to HUD and cause further development which will provide even more jobs and taxes to the District of Columbia.

Senator D'Amato:

25. It has come to the Committee's attention that the District is attempting to purchase an apartment building known as the Imperial on Columbia Road, N.W. Recognizing the City's rental housing shortage and the existence of other vacancies in privately held buildings in the City, under what circumstances does the District consider purchasing a building?

Mr. Moore:

25. Taking into account the rental housing shortage and vacancies in privately held buildings added to the tremendous waiting list of the Public Housing Authority of approximately 9,000 applicants and the continuing displacement of low and lower income families, the District considers acquisition of a building (property) under the following circumstances:

(1) Building is vacant (except in special cases).

(2) Building is structurally sound and rehabilitation is practical and economically feasible.

(3) Building is not located in an area of subsidized and public housing over concentrations. HUD's standard of over 40% of the units in a given census tract is used to rule out these areas. Priority is given to buildings or proposals that are in census tracts where the incomes are greater than 85% of the median income of the area.

In the case of the proposed acquisition of the Imperial Apartments, the following circumstances were considered:

(1) The high cost of property in the Adams Morgan Area (the community where the Imperial is located), has prohibited the development of housing for low income families and individuals with the exception of 13 dwelling units now being developed in that area.

(2) No housing is being developed or made available to the low-income Hispanic community. The only available housing is usually deteriorated and non-standard housing, such as the Imperial, being held for lucrative development meaning further displacement and elimination for the low-income families.

(3) The Imperial offers one of the few remaining opportunities to provide quality and affordable housing for low-income families in the Adams-Morgan area.

Senator D'Amato:

26. If this building is purchased what will become of it? If it is to be renovated where will the residents be housed in the interim?

Mr. Moore

26. It is proposed to acquire and rehabilitate the Imperial for use in the public housing program for the City. During the rehabilitation of the Imperial the families currently in occupancy will be temporarily relocated in private or public housing.

Senator D'Amato:

27. What type of housing do you envision for this building? And will the location and surrounding neighborhood support this type of facility?

Mr. Moore:

27. It s proposed to develop this building for general occupancy public housing for small families. The shopping, services, transportation, and other features necessary to make the Imperial a viable development are readily available.

Senator D'Amato:

28. Why couldn't this type of renovation and housing been accomplished through a private developer rather than the City using scarce public resources to purchase the building?

Mr. Moore

28. Without control of the property by the City, the Imperial will be developed for commericial use and luxury condominiums, not for housing which could be affored by low-income families. The mission of the City's Housing Department is to provide safe, sanitary, and decent housing for all of the citizens of the District of Columbia. Unfortunately, this is not the mission of the private developers.

Senator D'Amato:

29. What are the estimated annual maintenance costs of this building? Also include the various factors and assumptions in reaching this figure?

Mr. Moore:

29. The following annual maintenance and operating costs are estimated:

A.	Utilities	PHA Supplies	Resident Supplied
1.	Water Service	$1,702.56	-
2.	Electric	324.00	$3,669.60
3.	Gas	-	5,428.32
	Sub-totals	$2,026.56	$9,097.92
4.	Other Operating Costs	$52,435.32	-
	Totals	$54,461.88	$9,097.92
		or 1,512.83/D.U.	

OFFICE OF BUSINESS AND ECONOMIC DEVELOPMENT

STATEMENT OF LAWRENCE SCHUMAKE III, DIRECTOR

SUBCOMMITTEE PROCEDURE

Senator D'Amato. The second witness is Mr. Lawrence Schumake, the Executive Director of the Office of Business and Economic Development for the District of Columbia. Mr. Schumake?

Mr. Schumake. Good morning, Mr. Chairman. I'm Lawrence Schumake, Executive Director of the Office of Business and Economic Development. I have with me Mr. David Smith, who is Executive Assistant with the Office, and Ms. Valerie Lemey, who is Special Assistant for Training and Employment.

I'd like to briefly summarize the testimony that I believe has been submitted to you and make some comments and then entertain any questions that you may have.

FISCAL YEAR 1983 BUDGET REQUEST

The total appropriated request for the Office of Business and Economic Development is $1,329,600 and 24 positions, a net increase of $551,500 and no positions over fiscal year 1981. Additional funds have been provided for technical assistance capability and previously authorized positions. It includes, also, a transfer-in of funds of some $75,200 which will be administered or used for administration of the District of Columbia Chamber of Commerce.

Of the 551,498, $500,000 replaces Federal funding that previously was available to the Office. That Federal funding was essentially in the form of EDA forms and intra-District funds.

The appropriated funding request, does not include one category of dollars that we have had previously and that is an EDA title IX grant which is utilized to seed the District of Columbia revolving loan fund. That was the $750,000 grant.

ORGANIZATION OF OFFICE

The Office is structured into six units and I think it might be helpful if I give you a brief explanation. We have a business information service, a business services division. We have an economic planning and analysis division, a technical assistance and loan packaging division, a projects management division, and a program planning division which interfaces with the other planning entities of District government. We also have the Office of Motion Picture and TV Development and a special projects unit which is involved in area planning and special economic development analysis projects.

ECONOMIC DEVELOPMENT PROJECTS

The Office has been involved in a number of specific economic development projects through our financial assistance program, but I think most importantly we have given particular attention during this past year to planning within specific areas, concentrating on generating an economic analysis and planning focus within specific areas. As an example, along the New York Avenue corridor we have identified 11 specific areas that need attention. We have utilized base data information that has been gathered through business retention studies. We've surveyed a number of businesses, and have brought together the businesses within specific business communities. I'll mention the Florida Avenue market as one in particular, and we're in the process of working with other city agencies as well as with the steering committee of area businesses to bring about the necessary changes.

Now, what that means is utilizing the resources available to the Office of Business and Economic Development as well as utilizing the resources available through other District agencies in order to maximize the impact within that area. I will be glad to go through that particular project area planning or any other area, if you would like, if you'd like further explanation as to how that approach is being applied.

TAX BURDEN AND RETENTION OF BUSINESSES

Senator D'AMATO. Let me ask you several questions, if I might. Last year you had a study that was directed in the area of retention of existing business and in the summary of that study you indicated that the tax burden in the District was a concern and one of the reasons that businesses made decisions to relocate to other areas outside of the District.

Mr. SCHUMAKE. That's correct.

Senator D'AMATO. Let me ask you, did that study indicate the kind of differential that we're talking about, approximately what in dollars, is the burden twice as much, 50 percent, 25 percent?

Mr. SCHUMAKE. It varies depending upon the industry. I can't give you specific figures but in some cases our workers' compensation differential, for example, has been as much as two to three times what it has been in surrounding jurisdictions.

WORKMEN'S COMPENSATION

Senator D'AMATO. Now, are we looking at workmen's compensation as the major tax differential?

Mr. SCHUMAKE. The tax differential, no. The differential is essentially across the board, a higher operating cost within the District, and I don't have those figures with me unfortunately, so I can't speak specifically to them.

Senator D'AMATO. I understand the council, the District Council, has done something to modify the workmen's compensation cost factor.

Mr. SCHUMAKE. That's correct.

Senator D'AMATO. What has it done, if you know? Tell me.

Mr. SCHUMAKE. A ceiling has been placed upon workers' compensation. It no longer would be capped if the legislation as passed is upheld. It will no longer be capped to the longshoremen and harbor workers' rate. Therefore——

Senator D'AMATO. You had a corresponding rate with longshoremen?

Mr. SCHUMAKE. That's correct.

Senator D'AMATO. Oh, my God. How did you get that boondoggle through?

Mr. SCHUMAKE. Well, that dates back some 20-plus years ago when the District——

Senator D'AMATO. Congress passed it?

Mr. SCHUMAKE. Yes, sir.

Senator D'AMATO. Oh boy, oh boy. Somebody down there was lobbying. What a heck of a job. That is incredible. You mean all workmen's compensation benefits——

Mr. SCHUMAKE. That's correct, Senator.

Senator D'AMATO [continuing]. In the entire District, if I go out and hire Johnny Jones or Smith or this or that and I pay according to that rate?

Mr. SCHUMAKE. That's correct.

NEW WORKMEN'S COMPENSATION LEGISLATION

Senator D'AMATO. It's amazing you've got any jobs.

Mr. SCHUMAKE. Well, I agree. That has been the problem and it's been a battle for quite some time. When the District Council passed legislation which would remove that restriction and empower the District Council to set the rates, it was an attempt to get us out from under this burden.

Senator D'AMATO. Well, if you want to keep jobs here in this city the No. 1 thing for you to do is stop running around giving people information but to make sure that the council stands up and does what's right. Now, we encouraged you last year to do something.

Mr. SCHUMAKE. Yes.

Senator D'AMATO. Didn't we? In this area.

Mr. SCHUMAKE. Yes.

Senator D'AMATO. I'm going to tell you something. Do you think what you did so far is enough?

Mr. SCHUMAKE. In terms of passing the legislation?

Senator D'AMATO. Yes.

Mr. SCHUMAKE. The legislation was actually passed prior to fiscal year 1982. It was appealed and it was appealed on the basis that the council did not have the right to overturn a congressional action. We went to the courts.

Senator D'AMATO. You won the appeal.

Mr. SCHUMAKE. The appellate court upheld the District so that's where we are now.

Senator D'AMATO. Are we using the lower rate now?

Mr. SCHUMAKE. The rate is not being increased now and I can check on the specifics. I would like to respond to you in writing on the specifics.

Senator D'AMATO. It would be nice to decrease it some, wouldn't it?

Mr. SCHUMAKE. It would be great to decrease the rate and equalize it with surrounding jurisdictions. That's the key and it is a very serious problem for us.

Senator D'AMATO. I'd like to know what's being done about that and this committee wants a detailed report on the status of the appeal.

Mr. SCHUMAKE. I'll be glad to provide it to you.

Senator D'AMATO. Also in terms of what the projections are for the rates because obviously, if you have a rate that is based at such an incredible level, I don't know how you can attract retail places and places of business. It's nice to talk about wanting to bring businessmen in here. But if they see that kind of rate—what is the average cost per worker? What does it cost the average employer to have a worker on his workmen's compensation? How much a day?

Mr. SCHUMAKE. I can't give you that specifically.

Senator D'AMATO. Does anybody have an idea? Anybody here at all? Could you give us the cost per day?

Mr. SCHUMAKE. I can provide that to you quickly. I just don't know.

Senator D'AMATO. I was up very, very late this morning, as I said, and probably if you gave me the cost per day it would be more than I could handle, you know, the shock. That's incredible. Do you know what an incredible burden that is?

Mr. SCHUMAKE. Yes, I'm aware.

Senator D'AMATO. You could do more to stimulate the retention of business if you changed that law than any other single act that Congress or anybody else, and let's see to it that that appeal process is expedited. Now, is it on appeal again?

Mr. SCHUMAKE. It is.

APPEAL OF DISTRICT'S WORKERS' COMPENSATION LAW

Senator D'AMATO. Who took it to appeal? What group?

Mr. SCHUMAKE. The Central Labor Council.

Senator D'AMATO. Oh, wonderful. When they lose their jobs I wonder what they think about then.

Mr. SCHUMAKE. I'll provide you a detailed update on that.

Senator D'AMATO. Also let me know what the average cost per worker is in the city, what does it cost the employer for his workmen's compensation benefits.

Mr. SCHUMAKE. Yes, sir.

Senator D'AMATO. And where we are, what the status is, because I think that that's an incredible kind of situation to be hooked into and if Congress did it to you 20 years ago you'd better get out of this as quickly as possible. I commend the District Council for its actions.

Mr. SCHUMAKE. You're aware that it varies considerably, depending upon the type of employment?

Senator D'AMATO. Sure. But I'd like to have you give me based on retail or based on a construction worker. Let's see what those costs are.

Mr. SCHUMAKE. Yes, sir.

[The information follows:]

Workers' Compensation

The workers' compensation system provides covered workers with medical and wage loss benefits, rehabilitation services, and compensation for disability without regard to who was at fault in the event of a job-related injury or illness. Employee benefits under this system include income maintenance, medical care, rehabilitation services, and improved on-the-job safety programs. Employers pay the costs associated with this social insurance system. The system rewards improved safety performances through reductions in insurance premium rates. For exmployers, improved safety performances also mean greater employee productivity because there is less down time; i.e., fewer employee illnesses or injuries.

The Current District of Columbia Workers' Compensation Program

Currently, the District of Columbia Workers' Compensation Program is administered by the Office of Workers' Compensation Programs (OWCP), United States Department of Labor. OWCP determines whether a claimant is entitled to benefits and adjudicates workers' compensation cases. OWCP operates under the Federal Longshoreman's and Harbor Workers' Act (Act) (36 D.C. Code §§ 501-504 (1973)). Since 1928, this Act has been the basis for workers' compensation claims in the District of Columbia, even though there is little if any maritime employment. Due to the hazardous nature of maritime employment, this Act has resulted in District employers paying exorbitant premiums in comparison to other similar suburban employers. This situation was exacerbated by the 1972 amendments to the Act which have resulted in increased claimant utilization of the benefit structure because employees could no longer sue employers for negligence, but in all cases would automatically receive workers' compensation benefits where there was a work-related injury or illness.

Employer Premium Payments

Employer workers' compensation insurance premium payments are determined in large measure by the National Council on Compensation Insurance (NCCI), the license rating bureau for the District. Premium rates are based on the "loss experience" of insurance companies. The NCCI collects experience data and analyzes it in light of factors such as increasing benefit levels and other factors affecting costs. The NCCI then develops acturially sound rates for various occupational classifications and submits a rate request to the District Department of Insurance for approval. Premium rates are levied on the gross payroll of an employer with different rates charged according to the occupational classification(s) of the employer's workforce. From 1972 to the present, average premium rates paid by District employers increased approximately 600%, in comparison to a 70% rise in the Consumer Price Index* during this same period.

Attachment "A" shows the actual increases in the workers' compensation rates for 15 types of District businesses from 1970-1978.

Comparative Rates with Surrounding Jurisdictions

District employers pay premium rates substantially higher than Maryland or Virginia employers. See Attachments "B" and "C" and "D" for comparison rates locally and nationally.

The escalation in total benefits paid and new utilization patterns by beneficiaries have made workers' compensation insurance coverage unprofitable for most companies. As such, the District maintains an assigned risk pool for employers unable to secure workers' compensation insurance in the private market. Premium rates for employers who must look to the assigned risk pool average 8% more than the premium rates for employers able to secure insurance outside the pool.

The Brimmer Study (May 1981) of businesses who left the District and relocated in Maryland or Virginia illustrated that the high workers' compensation premium rate was a negative incentive to businesses and stated that 79% of those firms which left the District felt that workers' compensation had a substantial effect on their business.

Benefit Structure

There are two factors which basically determine the overall amount of benefits distributed under the District of Columbia Workers' Compensation Program. First is the dollar amount of benefit entitlements. Second is the relative availability of benefits. For example, where an employer has an office in the District of Columbia, employees may file workers' compensation claims even if they work at an office of the employer which is outside the District.

In 1978, the maximum benefit established by law in the District was $367.22, which was 82% and 110% higher, respectively, than the maximum weekly benefits of $202 in Maryland and $175 in Virginia.

Minimum benefits paid in the District were also higher than minimum benefit payments in Maryland and Virginia. The District's minimum benefit payment was $91.81 per week, compared to Maryland's $25 per week and Virginia's $43.73 per week minimums.

The New District of Columbia Workers' Compensation Law

Recognition by the District government under the Barry administration of the severe nature of problems inherent in the Workers' Compensation Program including the inability of employers to predict how much workers' compensation insurance premium rates would rise annually; dramatic increases in average premium rates, especially when viewed in light of the experience of suburban employers; increased employee benefit utilization resulting in higher premium payments; and the District's inability to attract and retain businesses because of the workers' compensation disincentives led to the District Council's passage of legislation to address the above issues. On July 1, 1980, the new District of Columbia workers' compensation was to go into effect but was challenged in the courts by the Washington, D.C., Central Labor Council. On September 26, 1980, the Superior Court of the District of Columbia held the D.C. Law 3-77 null and void. That order was appealed to the D.C. Court of Appeals which in January 1982 overruled the decision of the lower court. In April 1982, the Appeals Court turned down a request from the Washington, D.C., Central Labor Council for a hearing before the full Court of Appeals. They then requested a stay of the court order for 180 days in order to appeal this decision to the Supreme Court. On May 19, 1982, the Appeals Court denied this request. Because of this litigation, the prior law governing workers' compensation was reinstated and will remain in effect until July 26, 1982.

It is expected that the new workers' compensation law will minimize workers' compensation insurance premiums, increase availability of insurance, and make the District more competitive with suburban jurisdictions when it goes into effect on July 26, 1982. Under this new law, responsibility for the administration and management of the Workers' Compensation Program will rest with District government. All employee injuries occurring on or after July 26, 1982, will come under the new law. Cases occurring prior to that time will continue to be administered by the OWCP until closure.

The District of Columbia Workers' Compensation Law is based upon the Federal Longshoreman's and Harbor Workers' Act, but the modifications made more appropriately reflect the nature of employment in the District. The new law will reallocate benefit dollars to make them more in line with benefit levels in Maryland and Virginia. Generally, the District government administration will include monitoring benefit payments to ensure they are appropriate; managing medical practitioners who treat workers' compensation patients; paying direct benefits to employees in cases where employers were uninsured (while concomitantly seeking necessary recourse to obtain reimbursement from employer).

It is expected that approximately 50 of the largest District employers (e.g., major retail stores or public utility companies) will be self-insured employers. The NCCI projects that the new law would reduce employer costs an average of 29.1% for those employers carrying liability with insurance companies. It is estimated that this will result in a savings to District employers of $26 million to $30 million annually. NCCI will make its rate filing by June 7, 1982. In light of the above projected reductions in premium rates, the District Department of Insurance will review the feasibility of insurance premium rebates to employers on a ratio of actual premium reductions by occupation and the length of current workers' compensation insurance policies.

While employer premium rates will continue to be higher than those in Maryland and Virginia, proportionately, the new rates will be significantly lower, and it is anticipated that overtime, comparative parity levels between the District and its suburbs will occur.

D.C. WORKERS' COMPENSATION RATES *

	1978	1977	1976	1975	1974	1973	1972	1971	1970
Clothing Store #8008	2.23	1.47	1.03	.73	.60	.44	.33	.41	.40
Department Store #8039	2.32	1.82	1.25	.88	.83	.67	.50	.55	.58
Retail Store - not Otherwise Classified #8017	3.39	2.22	1.44	1.15	1.10	.80	.58	.58	.64
Restaurant #9079	3.21	2.50	2.29	1.62	1.27	1.17	.91	1.11	1.02
Hotel #9052	4.15	3.40	2.16	1.53	1.39	1.17	.93	.97	.97
Clerical Office Employees #8810	.39	.26	.21	.16	.17	.16	.10	.14	.13
Outside Salesmen #8742	.99	.64	.48	.53	.45	.33	.23	.20	.18
Carpentry 5403	15.46	10.11	6.35	4.50	5.67	4.30	2.84	4.05	4.54
Electrical Wiring# 5190	8.99	7.27	5.92	4.19	3.29	3.12	2.22	2.52	2.30
Masonry # 5022	20.15	13.16	8.67	7.30	8.80	6.38	4.12	3.65	3.13
Plumbing #5183	10.14	6.62	4.16	2.95	2.82	3.20	2.15	2.01	2.17
Concrete Work #5221	10.89	9.24	6.44	5.10	4.62	3.75	2.54	2.65	2.78
Excavation #6217	14.31	12.91	9.75	6.91	5.83	5.38	3.43	4.37	5.42
Printing #4299	3.72	3.85	2.43	1.72	1.35	.98	.75	.66	.74

* Percent per hundred of payroll

Source: "A Brief Overview of Workers' Compensation in the District of Columbia," Metropolitan Washington Board of Trade, December 1978

WORKERS' COMPENSATION RATES AND PERCENTAGE DIFFERENTIAL
DISTRICT OF COLUMBIA, MARYLAND, VIRGINIA
1973 - 1978

TYPES OF BUSINESSES	JANUARY 1, 1978 RATE			D. C. RATE AS A % OF MD./VA. RATES	
	D. C.	MD.	VA.	MD.	VA.
Clothing Store #8008	2.23	.79	.63	182%	254%
Department Store #8039	2.32	1.16	1.02	100%	127%
Retail Store - not Otherwise classified #8017	3.39	1.07	1.01	217%	236%
Restaurant #9079	3.21	1.97	1.72	63%	87%
Hotel #9052	4.15	2.34	1.40	77%	196%
Clerical Office Employees #8810	.39	.25	.18	56%	117%
Outside Salesmen #8742	.99	.61	.40	62%	148%
Carpentry #5403	15.46	4.96	7.01	212%	121%
Electrical Wiring #5190	8.99	4.22	3.50	113%	157%
Masonry #5022	20.15	4.97	4.67	305%	331%
Concrete Work #5221	10.89	4.87	2.62	124%	316%
Excavation #6217	14.31	5.58	7.68	156%	86%
Printing #4299	3.72	1.89	1.19	97%	213%
Plumbing #5183	10.14	4.15	3.42	144%	196%

Source: "A Brief Overview of Workers' Compensation in the District of Columbia," Metropolitan Washington Board of Trade, December 1978

COMPARATIVE WORKMEN'S COMPENSATION INSURANCE RATES FOR VIRGINIA, D. C., AND MARYLAND FOR THE YEARS 1975 - 78 AND TYROC'S EXPERIENCE MODIFICATION AND LOSSES

CODE	CATEGORY		1975	1976	1977	1978
8800	Officers	Va.	.25	.35	.55	.75
		D.C.	.56	.79	1.09	1.65
		Md.	.50	.53	.59	.59
8810	Clerical	Va.	.09	.11	.17	.18
		D.C.	.18	.25	.31	.48
		Md.	.16	.21	.25	.25
5606	Executive Supervisors	Va.	1.74	2.42	3.08	4.39
		D.C.	.39	.54	.73	1.11
		Md.	2.19	2.59	3.46	3.46
5506	Curb & Gutter	Va.	2.44	3.31	4.03	5.16
		D.C.	7.73	10.63	14.27	18.43
		Md.	3.57	3.94	4.25	4.25
1463	Asphalt Plant & Drivers	Va.	2.69	3.61	4.59	6.47
		D.C.	7.22	9.91	13.52	20.50
		Md.	8.72	9.77	10.75	10.75
0042	Landscaping	Va.	2.24	2.56	3.24	3.55
		D.C.	6.56	9.00	12.28	15.28
		Md.	4.02	3.88	3.97	3.97
5022	Masonry	Va.	1.53	2.53	3.63	4.67
		D.C.	8.00	10.39	15.78	23.95
		Md.	4.52	3.35	4.97	4.97
8227	Contractor's Permanent Yard	Va.	1.15	1.63	2.22	2.67
		D.C.	6.53	8.39	12.22	13.36
		Md.	2.92	3.57	3.33	3.33
5508	Rock Excavation	Va.	3.49	3.64	5.15	7.34
		D.C.	32.44	41.65	50.52	57.87
		Md.	7.38	8.53	9.86	9.86
5507	Street & Road Construction	Va.	3.35	3.86	4.60	4.99
		D.C.	6.68	7.72	12.90	18.69
		Md.	3.33	3.66	4.61	4.61
Tyroc Experience & Modification			1.00	.82	.86	.76
Number			11	12	13	3*
Tyroc Workmen's Compensation Losses			$4216	$7832	$8328	$1339*
W/C Premiums Paid			$34,500	$46,900	$66,600	$92,770**

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* 8 Months

** projected 12 months

Source: "A Brief Overview of Workers' Compensation in the District of Columbia," Metropolitan Washington Board of Trade. December 1978

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⑦ WORKERS' COMPENSATION p 1 & 2

The table below tabulates the national averages for Workers' Compensation insurance rates by trade and type of building The average "Insurance Rate" is multiplied by the "% of Building Cost" for each trade This produces the "% of Workers' Compensation Cost" to be added for ea trade by building type to determine the weighted average Wor Compensation rate for the building types analyzed

Trade	Insurance Rate (% of Labor Cost)		% of Building Cost			% of Workers' Compensation Cost		
	Range	Average	Office Bldgs.	Schools & Apts.	Mfg.	Office Bldgs.	Schools & Apts.	Mfg
Excavation, Grading, etc	2.2% to 23.4%	7.2%	4.8%	4.9%	4.5%	.34%	.35%	.32%
Piles & Foundations	5.0 to 78.2	17.9	7.1	5.2	8.7	1.27	.93	1.56
Concrete	2.7 to 35.1	8.4	5.0	14.8	3.7	42	1.24	31
Masonry	1.6 to 32.0	7.1	6.9	7.5	1.9	49	.53	13
Structural Steel	5.0 to 57.7	22.2	10.7	3.9	17.6	2.38	.87	3.91
Miscellaneous & Ornamental Metals	1.4 to 30.0	6.0	2.8	4.0	3.6	.17	.24	.22
Carpentry & Millwork	3.5 to 26.7	9.4	3.7	4.0	0.5	.35	.38	.05
Metal or Composition Siding	2.5 to 23.7	7.3	2.3	0.3	4.3	.17	.02	.31
Roofing	3.4 to 42.1	16.0	2.3	2.6	3.1	.37	.42	.50
Doors & Hardware	1.3 to 12.6	4.6	0.9	1.4	0.4	.04	.06	.02
Sash & Glazing	2.5 to 23.7	7.3	3.5	4.0	1.0	.26	.29	.07
Lath & Plaster	1.3 to 14.6	6.5	3.3	6.9	0.8	.21	.45	05
Tile, Marble & Floors	1.3 to 49.4	5.0	2.6	3.0	0.5	.13	.15	03
Acoustical Ceilings	1.3 to 14.6	6.5	2.4	0.2	0.3	16	.01	02
Painting	2.4 to 19.6	6.7	1.5	1.6	1.6	10	.11	11
Interior Partitions	1.3 to 12.6	4.6	3.9	4.3	4.4	.18	.20	20
Miscellaneous Items	1.3 to 57.7	9.0	5.2	3.7	9.7	47	33	87
Elevators	N.A.	9.0	2.1	1.1	2.2	19	10	20
Sprinklers	1.4 to 18.1	4.6	0.5	—	2.0	02	—	09
Plumbing	1.4 to 18.1	4.6	4.9	7.2	5.2	23	.33	.24
Heat., Vent., Air Conditioning	1.7 to 19.7	5.8	13.5	11.0	12.9	78	.64	.75
Electrical	1.2 to 16.0	3.9	10.1	8.4	11.1	39	.33	43
Total	1.2 to 57.7%	—	100.0%	100.0%	100.0%	9.12%	7.98%	10.39%
			Overall Weighted Average				9.16%	

The table below lists the weighted average Workers' Compensation base rate for each state with a factor comparing this with the national average of 9.2%.

State	Weighted Average	Factor	State	Weighted Average	Factor	State	Weighted Average	Factor
Alabama	5.2%	57	Kentucky	8.9%	97	North Dakota	8.8%	96
Alaska	10.5	114	Louisiana	8.4	91	Ohio	5.7	62
Arizona	13.7	150	Maine	9.4	102	Oklahoma	8.8	96
Arkansas	7.3	80	Maryland	11.8	128	Oregon	14.2	154
California	8.9	97	Massachusetts	8.2	89	Pennsylvania	9.7	105
Colorado	6.1	66	Michigan	11.8	128	Rhode Island	8.2	89
Connecticut	11.3	123	Minnesota	9.6	104	South Carolina	6.1	66
Delaware	8.0	87	Mississippi	4.7	51	South Dakota	3.6	39
District of Columbia	28.8	313	Missouri	4.5	49	Tennessee	4.5	49
Florida	9.7	105	Montana	8.1	88	Texas	8.7	95
Georgia	5.3	58	Nebraska	3.5	38	Utah	4.5	49
Hawaii	15.5	168	Nevada	7.5	82	Vermont	5.6	61
Idaho	6.8	74	New Hampshire	10.0	109	Virginia	7.2	78
Illinois	9.1	99	New Jersey	8.5	92	Washington	4.6	50
Indiana	2.6	28	New Mexico	7.2	78	West Virginia	4.6	50
Iowa	8.6	94	New York	10.6	115	Wisconsin	4.8	52
Kansas	5.2	57	North Carolina	4.4	48	Wyoming	5.1	55

Weighted Average for U.S. is 9.2% of payroll = 100

Rates in the following table are the base or manual costs per $100 of payroll for Workers' Compensation in each state. Rates are usually applied to straight time wages only and not to premium time wages and bonuses.

The weighted average skilled worker rate for 35 trades is 9.2%. For bidding purposes, apply the full value of Workers' Compensation directly to total labor costs, or, if labor is 32%, materials 48% and overhead and pro 20% of total cost, carry 32/80 x 9.2% = 3.7% of cost (before overhead a profit) into overhead. Rates vary not only from state to state but also w the experience rating of the contractor.

(7) WORKERS' COMPENSATION Cont'd

STATE	CARPENTRY — 3 stories or less 5651	CARPENTRY — interior cab. work 5437	CARPENTRY — general 5403	CONCRETE WORK — NOC 5213	CONCRETE WORK - flat (flr. sdwk.) 5221	ELECTRICAL WIRING — inside 5190	EXCAVATION — earth NOC 6217	EXCAVATION — rock 6217	GLAZIERS 5462	INSULATION WORK 5479	LATHING 5443	MASONRY 5022	PAINTING & DECORATING 5474	PILE DRIVING 6003	PLASTERING 5480	PLUMBING 5183	ROOFING 5551	SHEET METAL WORK (HVAC) 5538	STEEL ERECTION — door & sash 5102	STEEL ERECTION — int. ornam. 5102	STEEL ERECTION — structure 5040	STEEL ERECTION — NOC 5057	TILE WORK — interior (ceramic) 5348	WATERPROOFING 9014	WRECKING 5701
AL	4.83	2.80	4.96	5.78	3.86	2.31	4.36	4.36	10.14	4.62	2.70	3.79	4.01	14.13	4.48	2.67	8.15	3.52	3.95	3.95	7.79	9.62	2.59	2.54	17.13
AK	8.53	6.27	9.47	8.69	6.91	6.64	7.58	7.58	9.54	7.84	5.89	10.00	9.21	22.81	8.32	6.25	17.39	7.03	9.03	9.03	25.28	12.55	3.71	3.35	37.54
AZ	10.62	10.00	13.94	12.63	9.87	7.96	7.53	7.53	13.03	12.52	6.39	11.03	7.33	[illegible]	17.12	7.52	[illegible]	9.51	[illegible]	[illegible]	22.23	22.23	6.13	[illegible]	[illegible]
AR	6.53	4.21	7.08	6.20	3.75	2.93	7.71	7.71	6.49	5.67	4.13	4.94	4.84	28.31	4.83	3.74	13.10	4.25	6.62	6.62	16.92	9.70	3.77	3.23	30.26
CA	3.62	NA	10.30	8.25	NA	4.00	5.51	9.52	7.97	9.05	5.10	8.03	7.56	17.17	9.53	5.34	17.53	5.22	6.51	6.51	13.76	15.02	4.83	7.56	NA
CO	5.47	3.94	5.17	6.86	3.79	3.18	4.55	4.55	5.63	4.98	4.13	5.57	4.33	13.72	4.59	3.51	15.45	4.29	3.65	3.65	15.73	10.60	3.32	2.33	23.03
CT	12.28	5.90	10.39	10.21	10.20	4.32	7.93	7.93	10.21	9.05	6.99	14.64	8.29	11.19	8.30	4.43	24.11	8.02	8.05	8.05	37.21	27.93	5.45	4.34	72.07
DE	5.53	5.77	5.77	8.35	4.41	1.96	8.79	8.79	6.81	5.77	5.82	7.27	11.98	14.53	5.92	5.03	19.32	10.58	5.77	5.77	14.05	13.73	4.63	5.77	29.66
DC	21.90	12.87	26.77	25.08	12.98	16.03	18.96	18.96	23.66	15.98	12.23	31.93	19.58	73.74	114.61	18.09	32.12	19.63	29.67	29.67	57.65	71.47	49.44	5.82	77.35
FL	8.46	6.19	12.02	11.94	8.29	4.99	8.75	8.75	8.17	8.80	6.25	7.79	6.70	21.89	[illegible]	5.55	18.29	5.17	5.31	5.31	24.93	17.53	4.52	4.86	43.28
GA	4.77	3.34	7.22	5.12	3.38	2.73	6.01	6.01	7.03	4.67	2.69	3.96	3.91	6.38	4.67	3.71	8.36	5.04	3.91	3.91	10.73	12.39	2.53	2.41	19.11
HI	16.93	5.67	26.31	15.65	9.18	7.60	23.35	23.35	14.54	7.16	7.93	11.70	7.95	37.50	8.53	8.40	27.09	5.90	8.79	8.79	42.42	30.14	7.17	5.15	54.66
ID	[illegible]	3.70	8.03	6.11	3.17	2.63	6.94	6.94	5.95	7.46	3.75	5.64	6.09	15.51	5.34	2.84	14.24	4.77	5.93	5.93	16.25	9.17	3.67	3.43	29.01
IL	6.18	4.72	8.84	12.45	5.02	4.27	5.38	5.38	9.55	7.65	3.69	7.22	8.00	23.08	6.04	5.64	17.12	6.14	6.12	6.12	26.33	28.27	3.39	3.12	30.27
IN	2.66	1.96	2.63	2.53	1.52	1.24	1.78	1.78	2.45	1.73	1.26	1.58	2.40	6.21	1.99	1.40	3.39	1.71	1.88	1.88	10.48	5.07	1.33	1.41	8.05
IA	5.60	3.88	10.22	7.59	6.32	3.90	8.27	8.27	6.50	5.49	4.07	5.09	7.13	15.69	4.95	4.71	14.17	4.73	5.22	5.22	37.64	20.25	3.36	4.12	24.43
KS	4.07	3.52	4.13	6.11	3.56	2.37	3.56	3.56	3.74	4.19	2.65	4.71	4.15	11.85	4.28	3.17	9.25	4.57	3.54	3.54	15.39	11.35	2.45	2.95	18.67
KY	7.49	3.58	11.10	5.59	5.86	3.34	8.40	8.40	6.81	7.46	4.63	7.20	7.85	25.03	6.73	3.16	18.23	4.32	8.86	8.86	20.69	17.49	3.75	5.09	25.33
LA	10.73	5.02	11.60	9.29	6.30	3.30	8.23	8.23	7.85	7.59	3.73	6.01	8.47	23.80	7.05	5.91	10.83	7.32	5.36	5.36	13.29	17.38	5.47	2.93	42.65
ME	5.46	4.55	14.94	8.68	5.53	3.57	7.29	7.29	8.41	4.84	4.89	7.75	9.60	13.51	7.35	4.40	18.22	7.02	6.69	6.69	26.17	25.29	4.31	4.69	46.77
MD	7.21	6.10	8.33	13.26	4.93	7.77	11.04	11.04	11.54	8.19	5.98	9.29	6.31	23.55	7.74	7.98	24.47	8.23	11.15	11.15	40.36	19.13	4.04	2.79	55.68
MA	6.84	3.52	13.99	9.77	4.73	3.17	6.06	6.06	6.73	7.23	5.21	8.30	8.50	11.10	6.03	4.07	NA	5.92	7.25	7.25	22.38	22.16	5.29	3.43	29.99
MI	8.32	7.11	11.68	12.89	9.92	5.71	12.16	12.16	8.85	9.81	6.04	11.20	NA	24.79	11.94	6.22	23.95	7.92	8.09	8.09	23.74	22.65	7.15	7.32	NA
MN	6.86	6.86	14.31	8.98	6.53	3.04	7.74	7.74	8.69	5.23	5.11	5.56	7.90	13.08	5.82	7.25	24.41	5.09	7.73	7.73	23.03	29.48	4.52	5.95	15.28
MS	4.51	3.15	5.99	2.72	2.59	2.88	3.54	3.54	4.58	3.26	2.83	3.26	3.36	17.97	3.24	2.18	8.33	5.45	3.16	3.16	9.50	6.96	2.27	2.46	20.99
MO	3.32	3.00	3.74	3.53	2.50	1.95	4.79	4.79	4.07	3.92	1.33	3.19	3.31	13.03	2.81	3.09	8.27	3.03	2.99	2.99	10.65	15.14	1.83	1.96	20.86
MT	4.79	4.24	8.20	6.39	7.67	2.78	9.95	9.95	5.96	5.87	3.67	10.18	6.79	18.75	5.74	2.81	15.02	5.29	4.98	4.98	29.47	11.23	3.47	3.28	104.9
NE	2.82	1.93	3.47	3.65	2.51	1.67	2.24	2.24	3.03	2.59	2.57	1.97	2.56	7.77	2.65	1.57	11.13	2.41	2.36	2.36	8.04	6.86	1.68	1.56	14.42
NV	8.57	8.57	8.50	8.57	8.57	3.26	6.71	6.71	3.79	6.35	8.57	8.57	7.20	6.71	8.57	6.56	8.57	3.96	8.57	8.57	12.09	8.57	3.79	7.20	12.09
NH	8.06	3.95	10.50	9.01	5.26	4.03	10.83	10.83	11.68	7.59	5.85	6.59	9.42	17.94	7.59	5.35	21.08	5.38	7.09	7.09	30.24	20.62	4.18	4.28	41.37
NJ	7.03	5.88	8.70	7.14	NA	3.83	7.14	7.14	6.92	11.24	4.15	9.33	11.02	12.28	4.15	4.33	16.00	5.05	NA	NA	25.05	10.32	5.50	4.93	46.48
NM	5.98	4.25	6.94	8.01	4.57	4.11	6.79	6.79	6.50	7.01	4.25	7.14	5.24	23.81	7.67	4.33	14.37	4.57	5.17	5.17	13.65	9.75	4.04	2.71	27.44
NY	10.49	NA	11.87	12.61	7.14	4.93	8.42	8.42	10.80	5.47	7.28	11.09	12.72	17.93	13.63	7.61	NA	11.48	5.91	5.91	22.02	21.04	7.17	4.93	NA
NC	3.90	4.33	4.39	3.27	2.26	2.80	4.86	4.86	4.28	4.07	2.28	2.33	2.93	2.74	3.09	2.89	6.93	3.12	2.68	2.68	13.91	5.89	2.00	NA	13.65
ND	8.75	8.75	8.75	8.75	7.50	2.95	8.60	8.60	8.10	6.40	6.95	4.50	6.55	21.35	4.15	4.15	4.50	6.40	8.75	8.75	21.35	21.35	4.50	NA	14.80
OH	3.89	3.89	3.89	3.89	4.20	1.71	4.20	4.20	5.20	2.81	2.81	4.16	5.20	4.20	2.81	2.67	9.87	—	3.80	3.80	21.99	21.99	2.27	NA	42.17
OK	8.65	3.92	7.63	8.64	5.06	3.29	8.00	8.00	5.78	6.52	2.52	5.53	4.51	19.12	5.35	4.44	18.03	5.09	3.88	3.88	45.93	17.95	3.93	4.29	44.71
OR	13.13	[illegible]	17.83	13.20	10.14	5.09	13.51	13.51	8.48	12.87	11.71	12.37	13.13	[illegible]	13.19	7.00	35.03	9.92	1.44	1.44	33.08	24.39	[illegible]	[illegible]	55.38
PA	6.33	NA	6.33	12.38	12.38	4.38	10.58	10.58	6.35	NA	NA	9.03	13.98	15.57	6.63	5.36	15.52	9.93	7.66	NA	9.92	NA	9.03	NA	NA
RI	6.87	3.59	7.76	6.70	5.93	3.59	5.10	5.10	6.80	5.22	3.99	5.58	6.13	16.28	5.53	3.03	16.81	4.83	4.89	4.89	26.71	33.29	3.18	3.27	22.81
SC	5.21	3.64	9.14	3.96	4.27	3.44	5.56	5.56	5.60	4.73	3.63	4.34	5.73	12.20	5.11	3.00	10.80	5.30	4.02	4.02	18.85	11.00	2.84	2.09	26.66
SD	2.95	1.95	4.38	3.45	2.14	1.43	3.38	3.38	3.22	2.57	1.92	2.45	2.52	8.85	2.84	2.69	8.17	2.54	2.47	2.47	8.95	6.56	1.67	1.37	12.90
TN	5.03	2.62	4.87	3.73	2.96	2.22	3.49	3.49	3.73	3.77	3.21	3.09	3.31	12.22	3.01	2.50	7.80	4.21	3.93	3.93	9.72	6.74	3.02	1.89	17.24
TX	8.80	5.48	8.80	8.64	NA	4.10	NA	NA	5.16	8.98	4.90	5.67	4.52	17.18	9.69	4.84	16.19	7.78	6.72	6.72	28.04	7.92	4.43	5.28	24.44
UT	NA	NA	5.01	6.45	4.12	1.78	3.44	3.44	3.99	4.10	2.94	4.07	3.92	9.59	3.95	2.96	10.30	2.65	3.59	3.59	NA	7.35	2.30	2.44	37.61
VT	5.29	2.75	5.41	5.57	2.93	2.03	4.68	4.68	4.38	4.55	2.67	3.24	4.06	12.77	4.03	2.66	9.59	3.60	3.58	3.58	15.01	15.71	2.56	2.43	21.64
VA	4.30	5.39	6.70	7.47	4.29	4.12	6.99	6.99	5.26	5.73	4.55	5.78	7.26	23.80	5.90	3.27	12.71	6.10	5.19	5.19	16.98	14.09	2.90	2.28	21.16
WA	3.98	1.27	5.11	4.20	1.94	1.95	4.40	4.40	4.35	3.40	3.30	3.77	4.19	3.79	3.40	1.72	NA	3.75	NA	NA	15.86	10.56	1.38	1.42	21.52
WV	3.83	3.83	3.83	3.83	3.83	3.83	4.07	4.07	3.83	3.83	3.83	3.83	3.83	2.27	3.83	1.65	3.83	3.83	2.79	8.79	9.36	9.36	3.83	.89	5.93
WI	3.17	2.83	7.74	5.60	3.09	2.41	3.73	3.73	4.41	4.81	2.99	4.17	3.97	13.87	3.72	2.46	8.83	3.28	3.37	3.37	10.14	6.73	2.56	2.26	19.06
WY	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
AVG	7.07	4.62	9.38	8.35	5.26	3.91	7.21	7.30	7.32	6.49	4.50	7.05	6.70	18.69	6.48	4.58	15.98	5.80	6.03	6.03	22.18	16.87	4.95	3.72	37.48

SUBMITTED QUESTIONS

Senator D'AMATO. I have a number of questions here that I'm not going to ask you to wade through, but rather, ask you to review and give us a response, written response for the record.

Mr. SCHUMAKE. I'll be glad to.

INDUSTRIAL REVENUE BONDS

Senator D'AMATO. I encourage you in your activity. It's absolutely necessary. Obviously, one of the areas that I see that is of concern to me so I'll take a minute or two, are the industrial revenue bonds. You indicated that you were going to be moving in that area. We'd like to see some increased activity as I think you can leverage your funds by further utilization of that program, and, of course, hopefully the Congress will clear that matter up. We'll have that battle right before the big battle on the debt limit. Everyone is going to then come forth and that's where I intend to press forward for a clarification on the industrial revenue bonds.

Mr. SCHUMAKE. If I can comment, on December 13 the technical amendments necessary for revenue bond capability were passed. We're in the process now of finalizing the procedures. We've taken some 10 applications for revenue bonds and we're currently working on bond issues.

I am hoping that in fiscal year 1982 we will be able to issue revenue bonds.

I'd like to make mention about something else. One of the realities in the District has been that we have had higher operating costs for many reasons. Many of them have been for reasons that have been beyond the control of District government. We have also not been able to utilize some of the tools that have been competitively available in surrounding jurisdictions and certainly revenue bonds are a key tool and have resulted in the attraction out of the District of a number of firms.

BUSINESS RETENTION STUDY

In lieu of being able to make an immediate change in all of those areas, we have looked at how we might reduce the operating costs in key areas, and I would just like to reference the business retention study which highlights the food wholesale industry as one of the areas where we have a serious retention problem.

I mentioned the Florida Avenue market earlier. Our concentration in that Florida Avenue market area was done specifically because most of the firms in that area are small food wholesalers. We have some close to 100 businesses within the area. Those are the firms that service the hotels and the restaurants in the District and they are firms, also, who have been rapidly leaving the District. So, the planning activity in that area not only is designed to coordinate capital improvement dollars and loan assistance, provided through District government, but also to provide an opportunity for us to generate cost/benefit rationale as a basis for providing local tax incentives, and we hope very soon to be able to present such a plan, therefore making it, hopefully, more palatable for those businesses to remain, even though on a citywide basis it is difficult for us to be competitive.

We think if we take specific areas, identify what the needs are, the opportunities are, and then apply different resources in terms of tax incentives and other incentives, we can make a change. That same sort of situation applies to neighborhood areas where we have commercial activity involved and it also applies to the downtown planning effort.

In fact, one of the specific outcomes, I think, of the downtown planning effort will be that sort of analysis and effective use of tax incentives and use of our land resources, et cetera.

Senator D'AMATO. Thank you very much.

Mr. SCHUMAKE. Surely. Thank you.

[The following questions were not asked at the hearing but were submitted for response for the record:]

Questions Submitted by Senator D'Amato

OFFICE OF BUSINESS AND ECONOMIC DEVELOPMENT

SENATOR D'AMATO:
1a. What is your total budget for contracting services? Provide a breakdown between program related contracts and those for equipment.

MR. SCHUMAKE:
1a. The total budget for contractual services is $532,300. All of this amount shall be allocated to program related activities. The purchase and lease of equipment is a separate line item which totals $26,000.

SENATOR D'AMATO:
1b. You are requesting an increase of $38,500 in contractual services for the Technical Assistance Unit. Please explain what is in the base and what the increase is for?

MR. SCHUMAKE:
1b. The technical assistance services is a new addition to the appropriated budget. It shall come in the form of staff assistance and outside consultants. The staff cost for these services is $181,500. The consultant service is $38,500. Both requests are new and have not been previously funded under the appropriated line item.

SENATOR D'AMATO:
1c. You are also asking $130,000 for on-going programmatic needs. Are these cost increases in existing contracts or expansion of programs?

MR. SCHUMAKE:
1c. These costs are increases in existing contracts and expansion of existing programs.

SENATOR D'AMATO:
1d. Are any of the contract services on-going projects that could be better handled by full time permanent staff?

MR. SCHUMAKE:
1d. No.

SENATOR D'AMATO:
1e. How many positions are associated with the Chamber of Commerce and from what other sources does the Chamber receive funds? What is its total budget?

MR. SCHUMAKE:
1e. There are five positions. Other funding sources include fund raising drives, membership dues, and the D.C. government. Their total budget is $143,140 from the following two sources: $68,140 from dues and fund raisings and $75,000 from the District government.

SENATOR D'AMATO:
1f. A newspaper article published earlier this year that no government economic statistics are published. If this is true, do you view that as a shortcoming in your ability to keep track of and forecast the local economy?

MR. SCHUMAKE:
1f. Several agencies of the District government publish economic indicators on a regular basis:

- DOES - On a regular monthly basis, the Department of Employment Services issues an "Area Labor Summary." This report provides data on: unemployment, employment, labor force by place of residence, employment by place of work; non-agricultural wage and salary employment by industry and place of work; employment in government and private sector; selected unemployment insurance data; and hours and earnings in manufacturing. The "Area Labor Summary" also provides a comprehensive analysis of these data.

- The Department of Finance and Revenue issues an annual report that includes income taxes and filing status in all levels and analyzes the data for the City, the regional and all surrounding jurisdictions. The data analyses provides a comprehensive comparison of revenue resources of various jurisdictions, and also provides a trend analysis of changes in the District's revenue base.

- The Department of Licenses and Inspections issues monthly reports of building permits by square and allocates them to tracks. Both residential and nonresidential construction is covered.

  The District also produces estimates of population by age, race, and sex. These estimates are compiled by areas of the City. Racial statistics are available by track.

- The Department of Human Services periodically monitors case loads by areas of the City to keep tabs on the changing levels of dependents within the City.

Other special reports include:

- Annually and/or periodically the Department of Employment Services produces special reports on occupational demand in specific industrial sectors in the City. At the request of the Office of Business and Economic Development, DOES recently produced a report on employment trends in the wholesale food industry.

- The Department of Employment Services and the Office of Planning and Development are producing a significant volume of new employment and market demand data in conjunction with the Comprehensive Plan and the Downtown Plan.

- The Office of Planning and Development coordinates the dissemination of 1980 Census data which will be valuable to OBED's work in analyzing business trends in neighborhoods and business surveys.

- Valuable economic indicators are also produced by private companies and non-profit entities including: C&P Telephone Company (excellent set of short term economic indicators); the Greater

Washington Research Center produces special reports (i.e.: a recent study of women in labor force); Baltimore-Washington Common Market and the Greater Washington Board of Trade also generates economic indicators which are used extensively by the District government.

SENATOR D'AMATO:
In your survey entitled "Business Retention in the District of Columbia" firms identifed cost factors as most inportant in deciding to move and rated the District relatively poorly on cost considerations to surrounding jurisdictions.

1g. What specific strategy do you plan to counter this perception? Include legislative, administrative and regulatory considerations.

MR. SCHUMAKE:
1g. The Brimmer Report cited the following major disincentives to business located in the District:

1. noncompetitive worker's compensation laws and unemployment compensation laws
2. lack of preferrential treatment for District based businesses
3. crime
4. lack of appropriate sites for expansion
5. lack of tax incentives

In response to these findings, the District government has undertaken the following actions:

1. Worker's Compensation. On June 3, 1982, it was announced that the Worker's Compensation insurance rates will drop 29.1% in the District effective 7/26/82. This decrease results from new legislation under D.C. Law 4-314, signed on 2/26-82. Currently District businesses pay $133 million per year for worker's comp insurance. The annual savings will be $38.7 million.

2. Unemployment Compensation. On 12/18/81, the Council of the District of Columbia enacted emergency legislation to amend the 1935 Act. The main purpose of the amendment was to cap the maximum weekly benefits and to impose tighter qualifications for eligibility under duly prescribed regulations. Discussions are being held in the City Council Centre to present permanent legislation.

   The effect of this action is better protection for the business/emplcyer to assure work-related cause and a lower maximum payment when claims are justified.

4. Crime. Protection of District homes and businesses is of primary concern. To combat crime in the District, the Mayor issued a 13-point anti-crime program which involves the entire law abiding community in fighting crime.

5. Shortage of Expansion Land. Contiguous to Virginia and Maryland, the District's land boundaries are set and the District does not have land to annex. However, the government has to plan for concentrated industrial uses in specific areas within the District. Industrial parks, will adequately accommodate a great number of businesses, large and small.

6. Lack of Incentives. Currently, the District can offer incentives comparative with surrounding jurisdictions. These incentives include:

   - SBA 503 loans under the Local Development Corporation (LDC) Program;
   - Revolving Loan Fund (RLF) Program from an EDA capitalization of $750,000;
   - A $1 million PIC budget for manpower training;
   - A $2.7 million CDBG allocation for economic development;
   - District's land banking authority;
   - The use of Industrial and Commercial Revenue Bonds;
   - Hotel and Residential Incentive Zone;
   - The UDAG Program under the Department of Housing and Community Development (DHCD);
   - D.C. government commitments under the Capital Improvement Program; and
   - On-the-job Training and Targeted Jobs Tax Credit Programs.
   - Business Incentive Zones legislation is currently being submitted by the Mayor for the establishment of business Incentive Zones in the District. These zones will encourage the establishment of new business activity and the development and expansion of existing businesses within the zone.

The legislation will allow the City to offer tax incentives, provide regulatory and administrative relief and target existing D.C. government and Federal government programs directly to the incentive zone.

The tax incentives, for example, will provide significant tax credits to businesses who contribute to non-profit corporations in the zone which provide day care, security and transportation for zone employees. A tax credit of 10% against the amount of an employees salary up to $1500 for employees who are District residents, an even larger 50% tax credit for the hiring of D.C. residents who are considered disadvantaged; a 25% tax credit of the amount a business contributes toward worker's compensation, again only in the case of D.C. residents.

Other incentives will include a capital improvements grant incentive program, one D.C. government employee to assist full time with license and permits for those businesses in the zone, one D.C. employee full time to provide business and financial assistance and one D.C. government employee to coordinate employment services such as job screening, recruitment, referral and on-the-job training programs.

SENATOR D'AMATO:
1h. The survey also found some dissatisfaction among business in dealing with the District government. What educational and outreach programs do you plan to change that image?

MR. SCHUMAKE:
1h. The outgrowth of the Brimmer Study and surveys conducted by the Office of Business and Economic Development (OBED) was the development of specific OBED strategies for business retention and attraction. These strategies include:

1. Survey District firms to identify current and potential problems, needs and concerns.
2. Focus on firms who are or may consider moving all or part of their operations outside the District.
3. Early contact with new firms to inform and involve them in our efforts, and to assure them of our concern for their welfare.
4. Work with individual entrepreneurs to identify and address specific business related problems.
5. Insure that business requests are properly and expeditiously handled.
6. Develop relocation program to aid District businesses in identifying appropriate new locations within the District.
7. Initiate legislation and monitor legislative proposals of District of Columbia boards and commissions that affect business.
8. Work with key business groups and individuals to evaluate and develop a variety of tools to reduce the cost disadvantages of doing business in the District, including: tax incentives, land-use incentives, employment and training incentives and other financial inducements.

The Office of Business and Economic Development's primary effort is to provide services to District businesses. That office now handles over 250 requests for assistance each month. Services provided by this office include:

- Financial services. Business Services Specialists provide information on the cost of doing business in the District. Financial Analysts perform an economic analysis of business development projects to determine economic viability and to help small businesses to determine their potential for financial assistance. Financial Analysts determine the economic viability of a proposed project and provide specialized technical assistance to business development financial packaging.

- Management services. Business Services Specialists and Financial Analysts provide technical assistance to District businesses in the areas of: business development planning, marketing, retail floor planning, financial planning, and inventory planning.

- Permit and license services. Business Services Specialists identify permits and licenses needed, assist in obtaining the necessary application forms, provide follow-up services if problems occur, and provide contact with the appropriate person(s) and telephone numbers.

- Site location assistance. For new, relocating, and expanding enterprises in the District, Business Services Specialists analyze individual space requirements and assist the business in identifying a site location that matches specified requirements and stimulates the economic life of the surrounding community.

- Employment services. The Special Assistant for Employment and Training meets with employers to determine job specifications and works with District employment and training agencies to develop customized training and placement services.

- Energy management services. Business Services Specialists provide energy conservation planning, information, technical advice, and energy management assistance to small businesses. Business Services Specialists perform on-site energy audits and analyze audit data. Energy audits are packaged to address a particular type of business and are flexible to serve both existing operations and prospective investors requiring extensive audits, as well as small business operators and investors requiring general information.

- Coordination of city services. A wide range of District services are available to the business community. Business Services Specialists and Financial Analysts serve as resources and direct links to all District government services to rapidly expedite individual requests for assistance.

- Business contact point. For the convenience of the business community, the Business Services Division is located in the District Government Building, 1350 Pennsylvania Avenue, N.W., Washington, D.C. 20004, in Suite 208. It is staffed by Business Services Specialists who are thoroughly familiar with business and economic development programs in the District and surrounding area. They provide individual, confidential service and information to anyone considering or already doing business in the District.

- Special assistance to retain and expand food retail stores. The Office of Business and Economic Development works directly with retail food stores (such as Safeway, Giant, Grand Union, A&P, and Murray's Steaks, Inc.) to solve specific site, financing, zoning, permit, and related problems. There are 16 to 20 new food store opportunities in the District, with one-third of the growth potential in Ward 8. The Office of Business and Economic Development assisted the Super Pride food chain of Baltimore in opening their first of several stores in N.E. The new stores, which have opened in near Northeast or Shaw, reverse the trend of grocery stores leaving the District.

- Special assistance to community-based organizations. The Office of Business and Economic Development provides on-going technical assistance to community-based organizations involved in neighborhood economic revitalization. In Fiscal Years 1981 and 1982, the following community-based organizations received technical assistance:

  - Anacostia Economic Development Corporation
  - People's Involvement Corporation
  - Marshall Heights Community Development Corporation
  - Georgia Avenue Business and Professional Association
  - Adams-Morgan Community Development Corporation
  - Upper Northeast Local Development Corporation
  - Florida Avenue Steering Committee
  - 12th Street Steering Committee
  - The Save Our Mall Committee

RETIREMENT BOARD

STATEMENT OF FRANK HIGGINS, CHAIRMAN

ACCOMPANIED BY:

JAMES D. HUTCHINSON, STEPTOE & JOHNSON, COUNSEL TO THE BOARD
JORGE MORALES, DEPUTY EXECUTIVE DIRECTOR
DONALD GRUBB, ENROLLED ACTUARY TO THE BOARD

SUBCOMMITTEE PROCEDURE

Senator D'AMATO. How have you been? Mr. Higgins is Chairman of the Retirement Board. We're glad to see you here again and if you could summarize your remarks.

INTRODUCTION OF ASSOCIATES

Mr. HIGGINS. I will, indeed. Thank you, Mr. Chairman. I'd like to introduce my colleagues with me. On my right is James D. Hutchinson from the law firm of Steptoe & Johnson, who is counsel to the Board. On my immediate left is Jorge Morales, the Deputy Director of the Agency, and on his left is Donald Grubb, the enrolled actuary to the Board.

THREE AREAS OF CONCERN

Our testimony, I think, basically deals with three important points. One is the need for additional Federal funding in order to take care of the unfunded liabilities of the retirement funds; another is the need for the Board to be a participant in the amended and supplemental budget process of the District; and a third point is the need for the District to provide a reasonable amount of expenses to take care of the administrative cost for the operation of the Board.

I'd like to go back for just a moment and touch on each of those and give you an idea of what we're talking about.

Our current estimates of the unfunded liability in the year 2004 indicate that it will be at least $8.8 billion and the magnitude of that burden, I think, is represented by the fact that we believe the District's contribution to the pension fund in the year 2005 will be at least $857 million or 91 percent of the estimated combined payroll for District employees covered under the funds at that time.

With respect to the participation of the Board in the amended and supplemental process, we indicated in a letter to the committee a year ago, in July, that we had recognized the existence of funding shortfalls for 1981 and 1982. These shortfalls have come to pass, and a further funding shortfall for 1982 has been identified. Unfortunately, with respect to the year 1982 we have not had the opportunity of participating in the supplemental budget process in order to increase the District payments to correct this problem.

Historically, Mr. Chairman, before this Board came into being, the process used within the District for purposes of establishing the amount of appropriated dollars needed to fund the pension budgets was done in each of the respective departments whose employees are now members of the retirement plans, the ones over which we have responsibility.

The contributions that were made by employees became part of the general revenue of the city and the entire amount of pension payments during the course of the year were put in the appropriations process and the amended and supplemental budget was available for purposes of making changes in those kinds of things.

When we came into being in 1981 the supplemental process was not used for purposes of securing the additional moneys that had been determined as early as April 1981 to be necessary to meet the current cost of our pension programs. At the end of the year we calculated in the teachers fund, for example, that we had made benefit payments of $13.5 million in excess of contributions that we had received under the net-pay-as-you-go system from the District. This amount represented over 75 percent of the $17.68 million Federal payment that we had received in that year.

If you were to add to that $13.5 million the roughly $5 million that we had not been paid in 1981 for the early-out program, our expenditures exceeded what we received from the Federal Government as the payment to the teachers' fund.

My last comment has to do with the Board's fiscal year 1983 administrative budget.

We believe that the District has a responsibility to provide some administrative expenses for the operation of the Board and we base that principally on the fact that the law does not appear to allow us to use either contributions or earnings of the fund to pay for those expenses.

As you know from the information that has been submitted to you, the District has made provision for $0 to be made available out of the District's general fund and that the entire amount of the expenses for the year should be paid from the interest earnings of the Board.

FUNDING THE BOARD'S ADMINISTRATIVE COST

Senator D'AMATO. Mr. Higgins, thank you for your statement.

I note that you note that the Board and the city administration differ on the source of the appropriated budget, or your appropriated budget, where it should come from. I would suggest that this is a problem that should be dealt with or certainly have the involvement of the authorizing committee Senator Mathias' committee. I am making an inquiry as to whether or not you've been in touch with that committee to clarify that question.

Mr. HIGGINS. We have proposed some amendments to the statute, Senator. They have not yet reached Congress. We are processing them through the city operation. The Mayor has them, the District Council has them——

Senator D'AMATO. Let me give it to you again.

Mr. HIGGINS. Go ahead.

Senator D'AMATO. You're in conflict with the District on this particular point, the administration. Is that a fair statement?

Mr. HIGGINS. Yes, sir.

PROPOSED LEGISLATIVE AMENDMENTS

Senator D'AMATO. OK. When are you going to bring your legislative proposals to the appropriate legislative committee here on the Hill?

Mr. HIGGINS. We expect we should have them up here in the next 60 days, sir.

Senator D'AMATO. Sixty days?

Mr. HIGGINS. Yes, sir.

Senator D'AMATO. But you've already submitted these proposals to the District.

Mr. HIGGINS. Yes, sir. We are awaiting——

Senator D'AMATO. Why don't you bring these proposals also, simultaneously, to the Congress, to Senator Mathias' committee?

Mr. HIGGINS. We were hoping to be able to bring a consolidated package, sir, representing the position of the District.

Senator D'AMATO. This is the second year that I've been here, you haven't been able to reach any consensus with the District, have you?

Mr. HIGGINS. That's correct, sir.

Senator D'AMATO. And for years before that when I wasn't here that's been the case, is that correct?

Mr. HIGGINS. No, sir. This Board only came into being last year and whatever administrative costs were incurred in fiscal years 1980 and 1981 in the operation of these pension plans were paid out of the District's general fund.

Senator D'AMATO. OK. But the problem has been going on for many years. Now the Board, in its creation, has this problem in terms of its interpretation as opposed to that of the District, right?

Mr. HIGGINS. Yes, sir.

Senator D'AMATO. In essence, in certain areas you're looking for general revenues to be infused into the system to make up the deficiency, correct?

Mr. HIGGINS. Correct, sir.

Senator D'AMATO. The District says, "No, use it out of your interest income," further creating larger deficits; is that correct?

Mr. HIGGINS. Yes, sir.

Senator D'AMATO. All right. Exacerbating the problem, putting off the final day?

Mr. HIGGINS. Yes, sir.

SENDING AMENDMENTS TO SENATOR MATHIAS

Senator D'AMATO. OK. Now. that being the case, do you really believe that you're going to reach a consensus with the District administration and that you can advance a legislative proposal that everybody can agree with? Or don't you think that it might be well to get at this point the involvement of the staff of Senator Mathias' committee, the proper committee the appropriate source, involve the authorizing committee, involve them now?

Mr. HIGGINS. Senator, I will have a copy of our proposed amendments in the hands of Senator Mathias by tomorrow, by Monday.

Senator D'AMATO. Good. Good. And I will send word to him suggesting that his committee can look forward to this because this is a very critical problem that will only become worse unless we address it, and I think that in that way, instead of coming to the Hill at the last second when Congress is looking to adjourn and get out and then there being no action at all, possibly we could come up with something that will be a meaningful solution to this problem, and so I appreciate that.

If there's anything we've done here today, I think that that might go a long way toward resolving this problem.

BOARD'S FINANCIAL ADVISER

I have a number of detailed questions, some which I'm going to ask you to respond to in writing. Let me ask you this. You retain a financial adviser to assist the Board, obviously, in making its investment decisions. How do you choose them? Do you do that by way of competitive bid or what?

Mr. HIGGINS. Yes, sir. What we did, we have retained the American Security Bank as an interim money manager. As a matter of fact, while I'm sitting here right now the balance of our Board is interviewing investment or pension consultants to begin to implement the long-term policy guidelines that the Board has adopted.

INTEREST RATES ON INVESTMENT FUNDS

Senator D'AMATO. What interest rates are you currently receiving on your funds?

Mr. HIGGINS. They're all in money market funds so we are doing—I take that back. They are not all in money market funds. The bulk of our moneys are in money market funds. And for the year just completed, 1981, we had a return on income, on an annualized basis, of 18.96 percent for the police and fire fund, 15.6 percent for the teachers fund, and 12 percent for the judges' fund.

Senator D'AMATO. How come the judges only get 12-percent return on their investment?

Mr. HIGGINS. Well, prior to the time that this Board came into being, the judges had some money that was invested in some long-term Federal obligations.

Senator D'AMATO. Oh, boy.

Mr. HIGGINS. And that's the reason why the teachers are down too. The teachers had about $30 million in flower bonds which they converted into some triple A——

Senator D'AMATO. Did you say 18-percent return on one of those?

Mr. HIGGINS. Yes; the police and fire fund.

Senator D'AMATO. Eighteen percent?

Mr. HIGGINS. Eighteen point ninety-six.

Senator D'AMATO. What did you invest in?

Mr. HIGGINS. We had overnights, repos, certificates of deposit.

Senator D'AMATO. Eighteen percent?

Mr. HIGGINS. Yes, sir.

Senator D'AMATO. Listen. Off the record.

[Off the record discussion.]

RESOLVING ISSUE OF ADMINISTRATIVE EXPENSES

Senator D'AMATO. Back on the record. Let me tell you something, if you can continue to get some returns like that, and obviously that's a function of the market, it would do a little bit to close that.

I think the bottom line comes down to the fact that let's get that proposal for legislation up to the Hill, to Senator Mathias. I'm going to ask our staffs to sit down together, Mr. Leeth, Senator Mathias' staff director, who handles these problems, and maybe we can set up a conference and maybe we can see if we can get that remedial legislation that is necessary so that we can deal with this problem.

I would prefer that we take it out of the parochial sense of the Retirement Board and the District dueling over niceties and I think, obviously, we will bring the District in, get their input, but I think sometimes you need a third party. Otherwise, this thing is going to stagnate; there isn't going to be any movement. And maybe we can come up with something.

Mr. HIGGINS. Very good.

SUBMITTED QUESTIONS

Senator D'AMATO. So, I'd ask you to respond to the other questions in writing. But I think the essence of what's necessary is to get that kind of legislative relief and let's see what we can't do on it.

Mr. HIGGINS. Thank you very much, Senator.

Senator D'AMATO. Thank you very much for being here.

Mr. Higgins, this is an off the record again.

[Off the record discussion.]

[The following questions were not asked at the hearing but were submitted for response for the record:]

QUESTIONS SUBMITTED BY SENATOR D'AMATO

D.C. RETIREMENT BOARD

SENATOR D'AMATO:

1. The Board has submitted a schedule 4 showing only the general fund appropriation. Please provide a schedule 4 showing the total Board budget.

MR. HIGGINS:

1. A revised schedule 4 is attached as Exhibit "A".

SENATOR D'AMATO:

2. For 1983 your fringe benefits request appears to include the pay to Board members. Are fringe benefits to be paid to these individuals? If so, what benefits and why?

MR. HIGGINS:

2. No. Appointed Board members are compensated for Board-related work time, but do not receive any fringe benefits.

SENATOR D'AMATO:

3. An amount of $90,000 is requested for legal counsel. Does the Board employ an attorney and if so, why is outside counsel required?

MR. HIGGINS:

3. The Board has determined that the services of independent legal counsel are absolutely necessary if the Board is to carry out the broad range of fiduciary duties it is assigned by statute to perform as an independent agency of the District Government. For this reason, the Board has retained Mr. James D. Hutchinson of Steptoe & Johnson Chartered, Washington, D.C., as its legal counsel.

Counsel serves the Board in many ways: by advising the Board on the nature and scope of its numerous duties under the D.C. Retirement Reform Act, many of the provisions of which are extremely complex and require a thorough knowledge of the Employee Retirement Income Security Act of 1974, on which much of the Act is based; by drafting regulations required under the Act; by drafting contracts between the Board and investment managers and other service providers; by preparing analyses of appropriate legislative amendments to the Act and drafting such changes; by assisting the Chairman with testimony at budget and oversight hearings held by the D.C. Council and by Congressional committees; by advising the Board as to its duties regarding the establishment of an investment program; by advising the Board on the appropriate interpretation of certain complex or ambiguous provisions of the D.C. Code affecting the D.C. Retirement Funds; by advising the Board of its obligations under the D.C. Administrative Procedure Act; and by performing such other legal projects as arise from time to time.

SENATOR D'AMATO:

4. Why couldn't Corporation Counsel provide the needed counsel?

MR. HIGGINS:

4. One essential purpose of the D.C. Retirement Reform Act was to remove control over the Police Officers', Fire Fighters', Teachers' and Judges' Retirement Funds from the District Government and to vest that control in the newly-formed D.C. Retirement Board. Each member of the Board is charged with comprehensive and rigorous fiduciary duties that require the member to act "solely in the interest of the participants and beneficiaries of the Funds." The Board has determined that it would be wholly inappropriate, in light of this required independence, to be represented by the D.C. Corporation Counsel.

The best example of the need for this independence has been the ongoing dispute regarding the shortfall of $19.2 million in District contributions to the Funds for Fiscal Year 1981. In this matter the Board, whose obligation is solely to participants and beneficiaries, is in a classic adversarial posture vis-a-vis the District, whose pension funding responsibilities are weighed against its responsibilities to the hundreds of other agencies and bodies who are recipients of District funds. Based on the advice of its independent counsel that the District was legally responsible for significant portions of the shortfall (Corporation Counsel advised that the District was not), the Board has actively pursued recovery of these shortfalls. Thus far the District has paid $4.89 million on account of the shortfall; it has informed the Board of its intention to pay an additional $4.3 million if the Federal payment for Fiscal Year 1983 is increased from $336.6 million to $361 million.

MR. D'AMATO:

5. What is the purpose of the $[illegible],000 for subscriptions and publications?

MR. HIGGINS:

5. Since most Board members have little or no background or experience in pension administration or the investment of pension assets, it is the opinion of the Board that from time to time it would serve the best interests of the participants and beneficiaries under the plans over which the Board has jurisdiction to attend seminars and conferences, such as those put on by the Municipal Finance Officers Association, the International Foundation of Employee Benefits, or other recognized educational entities. In light of the fact that each of the current members of the Board could have a term of anywhere from one to eight years, such educational experiences should better enable Board members to effectively discharge their responsibilities.

Periodicals and publications also are expected to be of value in that educational process.

MR. D'AMATO:

6. Does the Board pay the membership fees of any member or employee in any professional organizations? If so, which ones and how much?

Mr. HIGGINS:

6. The Board has joined the International Foundation of Employee Benefit Plans, an organization devoted to instructing trustees and plan administrators in the operation of pension and health and welfare plans. This organization deals with both the private and public pension plan sectors. The Board membership entitled each of the Board members to receive publications from time to time.

MR. D'AMATO:

7. What is the $8,000 for travel needed for? What out-of-city travel might be required?

MR. HIGGINS:

7. Meetings, conferences, and seminars of the Municipal Finance Officers Association or the International Foundation of Employee Benefit Plans are held in various sections of the country, not always in Washington, D.C. It is anticipated that the allowance for travel would include this type of activity.

The Board also felt that travel expenses might be incurred in doing on-site inspections of investment managers, for example, who are charged with implementing the investment guidelines adopted by the Board as well as those under consideration for selection as investment managers. A number of such managers may be located out of the Washington, D.C. area. The travel budget is not intended for frivolous junkets and any trip would be authorized by the Board before any cost is incurred.

SENATOR D'AMATO:

8. The elections of Board members is expected to cost $10,000. Please detail these costs.

MR. HIGGINS:

8. Section 121 of the D.C. Retirement Reform Act (P.L. 96-122) requires the Board to conduct all the elections of active and retired employee representatives after the Board is initially established. During Fiscal Year 1983, the Board will conduct the election of the representative of the active Metropolitan Police officers to the Board. As in previous elections, the Board probably will engage the services of an outside contractor. For the last election, the Board selected the American Arbitration Association since it is a capable neutral organization and possesses the required electoral experience and necessary impartial reputa-

tion. The cost of that election was $6,200. The size of the fee is a function of the number of eligible voters, the number of candidates, and the printing and mailing costs in effect at the time of the elections. The $10,000 amount is an estimate of the cost of the next Board election, taking these variables into consideration.

SENATOR D'AMATO:

9. Is this an annual expense?

MR. HIGGINS:

9. Section 121 of P.L. 96-122 requires the Board members to serve terms ranging from one year to four years. The casting of lots to determine the terms of the initial Retirement Board has resulted in staggered terms for elected members. This compels the Board to conduct at least one election each year.

SENATOR D'AMATO:

10. The 1983 budget calls for $1 million in management fees. Are these fees paid to one firm or several?

MR. HIGGINS:

10. It is anticipated that these fees will be paid to approximately four investment management firms. The exact number of firms will be established in the next several weeks after the Board has selected and retained its investment consultant which process has been almost completed.

SENATOR D'AMATO:

11. Are these contracts let by competitive bid or negotiated?

MR. HIGGINS:

11. It is primarily a negotiated fee with some of the characteristics of competitive bids. Allow me to explain. The Retirement Board has just approved the engagement of a pension consultant to assist the Board in selecting its investment managers. From a universe of several hundred investment managers including banks, insurance companies, mutual funds, and independent counselors, the Board's consultant will develop a master list of contenders that fit the Board's long-term investment philosophy and objectives. Next, the list of contenders will be narrowed to 10-15 possible candidates for each of the investment management slots to be filled. A finalist list, based on the investment managers' organization, style, portfolio characteristics, and performance, will be developed for each management role. Throughout this evaluation process, the fees charged by the investment manager, usually a percentage of the amount of assets under management, will be a factor considered by the Board and will influence its final selection.

SENATOR D'AMATO:

12. How do these fees compare to other jurisdictions in the metropolitan area and cities of comparable size?

MR. HIGGINS:

12. The estimated fund management fees for Fiscal Year 1983 were calculated based on an average of 25 basis points (1/4 of 1%) and 42 basis points (.42 of 1%) for debt and equity investments respectively and represent the median in a survey (Exhibit B) of equity and debt investment manager fee schedules. Comparable data for other jurisdictions in the Metropolitan area and cities of comparable size are not available and may not be relevant given the widely varying factors affecting investment management fees in various jurisdictions.

SENATOR D'AMATO:

13. Also, compare your administrative expenses with these same communities.

MR. HIGGINS:

13. Comparable information on administrative expenses of local jurisdictions and cities of comparable size is not readily available.

SENATOR D'AMATO:

14. Mr. Higgins, you noted that the Board and City Administration differ on what the source of your appropriated budget should be. May I suggest that this is an authorization question and inquire whether or not you have been in touch with the appropriate committees to clarify that question?

MR. HIGGINS:

14. The manner in which the Board's administrative expenses are funded in the future is a matter which Congress probably should consider, and the Board's legislative proposal regarding this issue has been forwarded to the appropriate House and Senate Committees. For the 1983 budget, however, current law requires the District to pay 100 percent of the Board's administrative expenses from District revenues absent a specific provision to the contrary in the District of Columbia Appropriations Act of 1983. This point deserves further discussion in light of the District's contrary interpretation.

Sections 122, 123 and 124 of the Act specifically list those purposes for which the Board may make distributions from each of the three retirement funds under its custody. Thus, payments of annuities and other retirement and disability benefits are to be made separately from each retirement fund to its respective participants and beneficiaries. In contrast, the payment of the administrative expenses of the Board, including overhead and staff salaries, is governed by Section 121(f) of the Act, which neither requires nor authorizes the allocation of such expenses to the retirement funds. Instead, such expenses are to be paid from District appropriations. This is borne out by the following statement in both the House and Senate Committee Reports on the D.C. Retirement Reform Act: "Expenses of the Board are paid from appropriations of the District of Columbia, and a reasonable amount for such expenses must be included in the Mayor's budget." S. Rept. 96-237, 96th Cong., 1st Sess., 11; H. Rept. No. 96-155, 96th Cong., 1st Sess., 15 (1979). No provision of law authorizes the District to appropriate retirement fund assets for the purpose of paying administrative expenses.

In its budget submissions for 1980 and 1981, prepared by the District prior to the Board's appointment, the District acknowledged this view of the law by requesting authorization to pay, and subsequently paying, administrative expenses from District revenues. In 1982, Congress saw fit to allow fund assets to be charged for a portion of that year's administrative expenses. In so doing, Congress effectively overrode the provisions of the D.C. Retirement Reform Act on a one-time basis by specifically authorizing this method of payment under the D.C. Appropriations Act of 1982. Absent similar provisions being included in the 1983 Appropriations Act, the Board would not be authorized to expend Fund assets for administrative costs.

In the interest of the actuarial soundness of the Funds, the Board recommends that Congress should not permit the use of Fund assets for administrative expenses in the 1983 budget. In light of recent actuarial determinations regarding the projected unfunded liability of the retirement funds, and the fact that all shortfall amounts have not been paid by the District, the Board feels that it is eminently reasonable for the District to pay all of the Board's administrative expenses for 1983. If in the future the requirements for Federal and/or District funding contributions should be increased, however, the Board's position on the funding of administrative expenses may change, as indicated in the Board's legislative proposal.

SENATOR D'AMATO:

15a. You retain a financial adviser to assist the Board in making investment decisions. What is that fee this year and projected for 1983?

MR. HIGGINS:

15a. The Board assumed control of the assets of the Teachers', Judges', Police Officers' and Fire Fighters' Retirement Funds on April 24, 1981 and retained American Security Bank as its interim manager. American Security Bank is investing these assets only in short-term financial instruments such as certificates of deposit, repurchase agreement and commercial paper and in accordance with interim investment guidelines set by the Board. It is estimated that the FY 1982 investment management fees will be about $150,000. By FY 1983, the Board will have implemented its long-term investment guidelines and will have selected its investment managers as detailed in the answer to question 11. The FY 1983 Retirement Funds management fee is projected to be about $1.0 million.

SENATOR D'AMATO:

15b. The selection of the current adviser was done by competitive bid or otherwise?

MR. HIGGINS:

15b. The selection of the current adviser was done by competitive bid although fee was not the only criterion. Other standards were quality of service, investment record, and experience in managing funds of similar nature. Also considered was the fact that American Security Bank was able to manage Retirement Fund assets with its existing staff. Other competitors would have had to retain additional staff to serve our account, which the Board determined could have resulted in a dilution of the quality of service otherwise provided.

SENATOR D'AMATO:

15c. What are the qualifications of your current adviser?

MR. HIGGINS:

15c. The current adviser is American Security Bank, N.A. American Security is an investment manager registered under the Investment Advisors Act of 1940. The bank is the largest manager of assets for institutions in the mid-Atlantic area with $2.3 billion under management and an additional $2.8 billion held as custodian.

SENATOR D'AMATO:

16a. What types of investments has the Board made in the last year?

MR. HIGGINS:

16a. Investments during the past year have been limited to high quality, short-term fixed income securities. Purchases have included commercial paper, certificates of deposit, bankers acceptance and repurchase agreements. Only highly-rated securities in each category are purchased.

SENATOR D'AMATO:

16b. What interest rate are you receiving? And the average term of investment?

MR. HIGGINS:

16b. The interest rate received varies, of course, with the movement of interest rates. During the past year, rates have generally been in a range between 12% and 19%. The average yield presently is approximately 14-1/2%. The average term is 70 days.

SENATOR D'AMATO:

17a. The Greater Washington Research Center recently did an analysis of retirement systems in the Metropolitan Area. They found that in the 6 jurisdictions studied, there was a $5 billion unfunded liability — $4 billion of that in systems you administer. Has the Board addressed that problem?

MR. HIGGINS:

17a. Before answering the question, let me clarify a point about the Greater Washington Research Center analysis. Although the analysis compares the unfunded actuarial liabilities of six local jurisdictions, the comparison may not be appropriate. The unfunded actuarial liability reflected in the Greater Washington Research Center study is calculated by subtracting the assets on hand in the trusts from the accrued actuarial liability. This approach differs from the statutory method applicable to the D.C. Retirement Funds. Section 142 of the D.C. Retirement Reform Act (P.L. 96-122) defines the unfunded actuarial liability as the difference between the accrued unfunded liability and the current value of the assets in the fund -- including present value of future District amortization payments and the present value of future Federal payments. Under this approach, the unfunded liabilities of the systems administered by the Board is $2.9 billion and not $4.1 billion, as reported in the Greater Washington Research Center analysis. The $2.9 billion unfunded liability arises from two sources. First, at the time of enactment of P.L. 96-122, there were enormous unfunded liabilities and virtually no assets. The Act authorized Federal payments to fund only a small part of the past unfunded liabilities. Second, the Act dictated a level of payment by the District of Columbia, under a modified Pay-As-You-Go system, that ensures that the unfunded liabilities will continue to grow until the year 2004. To address this problem, the Board has submitted to the appropriate House and Senate Committees package of proposed amendments to the D.C. Retirement Reform Act. A provision in the package could increase the level of Federal payments to the amount necessary to fund the unfunded accrued liabilities which arose before 1979.

SENATOR D'AMATO:

17b. In the Police and Fire systems, assets represent only 4% of accrued liabilities; in the Teachers' system, it is 8%. What is a more normal ratio, and what needs to be done to get there?

MR. HIGGINS:

17b. One survey of large pension plans of state and municipal governments shows that, for the median plan, the assets represent 56% of accrued liabilities. It would be highly desirable to increase this percentage for the District of Columbia retirement funds. The single step that would do most to remedy the problem would be to increase the level of Federal payments to the amount needed to fund the unfunded liabilities accrued prior to 1979.

SENATOR D'AMATO:

17c. Have you sought legislation to accomplish that?

MR. HIGGINS:

17c. As explained above, the Board has recommended legislation to increase funding to the three retirement plans under its control.

EXHIBIT A

DISTRICT OF COLUMBIA ★ ★ ★ FY 83 AGENCY, CONTROL CENTER & OBJECT CLASS SUMMARY
GOVERNMENT $ THOUSANDS

4

FUND (Name & Code) General (100)
AGENCY (Name & Code) District of Columbia Retirement Board (DY)

		FY 1981–FY 1983 APPROPRIATED AUTHORITY								FY 1983 NONAPPROPRIATED AUTHORITY							
	CONTROL CENTER	FY 1981 BUDGET		FY 1982 PLANNED		FY 1983 REQUESTED		FY 1982–FY 1983 NET CHANGE (+/-)		FEDERAL FUNDS		PRIVATE & OTHER FUNDS		INTRA-DISTRICT SALES		FY 1983 GROSS OBLIGATION BUDGET	
Code		Pos.	Amount	Pos.	Amount	Pos.	Amount	Pos.	Amount	Pos.	Amount	Pos.	Amount	Pos.	Amount	Pos.	Amount
04	Retirement Board Administration	5	310.9	5	1,348.3	7	1,689.0	+2	+340.7	...	.....	...	.....	...	.....	7	1,689.0
TOTAL AGENCY		5	310.9	5	1,348.3	7	1,689.0	+2	+340.7	...	.....	...	.....	...	.....	7	1,689.0
11	Regular Pay—Continuing Full Time		.....		165.0		238.7		+ 73.7		.....		.....		.....		238.7
12	Regular Pay—Other		16.0		50.4		42.0		- 8.4		.....		.....		.....		42.0
13	Additional Gross Pay		.....		.....		.....		.....		.....		.....		.....		.....
14	Fringe Benefits—Current Personnel		3.6		20.0		28.3		+ 8.[illegible]		.....		.....		.....		28.3
TOTAL PERSONAL SERVICES			20.3		235.4		309.0		+ 73.6		.....		.....		.....		309.0
20	Supplies & Materials		1.7		3.0		5.0		+ 2.0		.....		.....		.....		5.0
30a	Energy		.....		.....		.....		.....		.....		.....		.....		.....
30b	Communications		13.0		.6		1.2		+ .6		.....		.....		.....		1.2
30c	Building Rent		.....		9.0		12.8		+ 3.8		.....		.....		.....		12.8
40	Other Services & Charges		271.9		1,088.3		1,359.0		+270.7		.....		.....		.....		1,359.0
50	Subsidies & Transfers		.....		.....		.....		.....		.....		.....		.....		.....
60	Land & Buildings		.....		.....		.....		.....		.....		.....		.....		.....
70	Equipment & Equipment Rental		4.0		12.0		2.0		- 10.0		.....		.....		.....		2.0
80	Debt Service		.....		.....		.....		.....		.....		.....		.....		.....
TOTAL OTHER THAN PERSONAL SERVICES			290.6		1,112.9		1,380.0		+267.1		.....		.....		.....		1,380.0
TOTAL AGENCY			310.9		1,348.3		1,689.0		+340.7		.....		.....		.....		1,689.0
End-of-year Employment (CFT)			.....		5		7		+ 2		.....		.....		.....		7
Average Employment (CFT)			.....		2		7		+ 5		.....		.....		.....		7
Average Salary (CFT)			.....		25.0		34.1		+ 9.1		.....		.....		.....		34.1
All Other Average Employment			.....		.....		.....		.....		.....		.....		.....		.....

		FY 1981 BUDGET	FY 1982 PLANNED	FY 1983 REQUESTED
SELECTED OBJECT DATA	Overtime	.....	.....	.....
	Out-of-City Travel	.....	.....	8.0
	Professional Services, Fees & Contracts	.....	999.0	1,238.0

PAGE

EXHIBIT B

INVESTMENT MANAGER PROFILES
SUMMARY OF MANAGER FEE SCHEDULES
30-Apr-81

AS OF REPORT 55

PAGE 3

EQUITY ACCOUNT FEE SCHEDULES	FEES FOR REPRESENTATIVE ACCOUNT SIZES					FEES AS A PERCENT OF ACCOUNT SIZE				
	$1MIL	$5MIL	$10MIL	$25MIL	$50MIL	$1MIL	$5MIL	$10MIL	$25MIL	$50MIL
M.D. SASS INVESTORS	10,000	50,000	90,000	190,000	315,000	1.0000	1.0000	0.9000	0.7600	0.6300
SCHRODER NAESS	6,000-M	27,000	47,000	87,000	137,000	0.6000-M	0.5400	0.4700	0.3480	0.2740
SEATTLE-FIRST NB-C	7,000	20,500	33,000	48,000	73,000	0.7000	0.4100	0.3300	0.1920	0.1460
SECURITY PACIFIC	5,000	21,000	36,000	81,000	131,000	0.5000	0.4200	0.3600	0.3240	0.2620
STANDISH AYER& WOOD	MIN	20,000	40,000	62,500	100,000	MIN	0.4000	0.4000	0.2500	0.7000
STATE ST BANK& TRUST-C	5,500	19,500	32,000	NEG	NEG	0.5500	0.3900	0.3200	NEG	NEG
STRALEM & COMPANY	MIN	MIN	75,000	162,500	262,500	MIN	MIN	0.7500	0.6500	0.5250
THORNDIKE, DORAN	MIN	23,500	38,500	76,000	138,500	MIN	0.4700	0.3850	0.3040	0.2770
TODD INVESTMENT ADV	5,000	25,000	50,000	87,500	NEG	0.5000	0.5000	0.5000	0.3500	NEG
TRAVELERS INSURANCE-C-A	MIN	37,500	62,500	92,500	130,000	MIN	0.7500	0.6250	0.3700	0.2600
TRIDENT INV MGT	7,500	27,500	52,500	127,500	252,500	0.7500	0.5500	0.5250	0.5100	0.5050
TRUST COMPANY BANK-C	6,900	22,900	37,900	64,150	95,400	0.6900	0.4580	0.3790	0.2566	0.1908
UNITED CAPITAL MGT-C	MIN	37,500	62,500	120,500	183,000	MIN	0.7500	0.6250	0.4820	0.3660
WACHOVIA BANK& TRUST-C	4,500	14,500	24,500	39,500	64,500	0.4500	0.2900	0.2450	0.1580	0.1290
WEISS, PECK & GREER	MIN	MIN	100,000	200,000	NEG	MIN	MIN	1.0000	0.8000	NEG
WELLS FARGO INV ADV	50,000-M	50,000-M	50,000	110,000	170,000	5.0000-M	1.0000-M	0.5000	0.4400	0.3400
WERTHEIM ASSET MGT	MIN	25,000	50,000	87,500	150,000	MIN	0.5000	0.5000	0.3500	0.3000
WILMINGTON CAPITAL	MIN	MIN	45,000	85,000	135,000	MIN	MIN	0.4500	0.3400	0.2700
WRIGHT INVESTORS'	10,000	30,000	55,000	121,500	204,000	1.0000	0.6000	0.5500	0.4860	0.4080
AVERAGE	6,891	26,595	48,279	98,556	164,850	0.6891	0.5319	0.4828	0.3942	0.3297
HIGHEST	10,000	50,000	100,000	250,000	425,000	1.0000	1.0000	1.0000	1.0000	0.8500
FIRST QUARTILE	8,375	30,000	55,000	125,000	212,500	0.8375	0.6000	0.5500	0.5000	0.4250
MEDIAN	6,758	25,000	50,000	97,750	162,500	0.6758	0.5000	0.5000	0.3910	0.3250
THIRD QUARTILE	5,338	20,000	35,000	64,150	104,400	0.5338	0.4000	0.3500	0.2566	0.2[illegible]8
LOWEST	4,000	13,700	19,700	36,700	56,700	0.4000	0.2740	0.1970	0.1468	0.1134
NO. OF MANAGERS	36	80	98	98	93	36	80	98	98	93

MIN-- LESS THAN MINIMUM ACCOUNT SIZE. MAX-- GREATER THAN MAXIMUM ACCOUNT SIZE. NEG-- NEGOTIABLE. M-- MINIMUM FEE. C-- INCLUDES CUSTODY. A-- ADJUSTED FOR ADMINISTRATION CHARGES.

THE DISTRIBUTION OF FEES FOR BANK RELATED MANAGERS IS AS FOLLOWS:

	$1MIL	$5MIL	$10MIL	$25MIL	$50MIL	$1MIL	$5MIL	$10MIL	$25MIL	$50MIL
AVERAGE	6,284	21,381	36,372	72,233	120,169	0.6284	0.4276	0.3632	0.2889	0.2403
HIGHEST	10,000	37,500	62,500	125,000	250,000	1.0000	0.7500	0.6250	0.5000	0.5000
FIRST QUARTILE	7,000	25,000	50,000	97,750	162,500	0.7000	0.5000	0.5000	0.3910	0.3250
MEDIAN	6,250	20,265	32,500	64,575	105,000	0.6250	0.4053	0.3250	0.2583	0.2100
THIRD QUARTILE	5,000	17,500	27,000	50,000	79,000	0.5000	0.3500	0.2700	0.2000	0.1580
LOWEST	4,000	13,700	19,700	16,700	56,700	0.4000	0.2740	0.1970	0.4468	0.1134
NO. OF MANAGERS	23	41	45	44	43	23	41	45	44	43

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CONTINUED ON NEXT PAGE....

INVESTMENT MANAGER PROFILES
SUMMARY OF MANAGER FEE SCHEDULES
30-Apr-81

AS OF REPORT '55"

EQUITY ACCOUNT FEE SCHEDULES	FEES FOR REPRESENTATIVE ACCOUNT SIZES					FEES AS A PERCENT OF ACCOUNT SIZE				
	$1MIL	$5MIL	$10MIL	$25MIL	$50MIL	$1MIL	$5MIL	$10MIL	$25MIL	$50MIL

THE DISTRIBUTION OF FEES FOR INDEPENDENT AND BROKER RELATED MANAGERS IS AS FOLLOWS:

	$1MIL	$5MIL	$10MIL	$25MIL	$50MIL	$1MIL	$5MIL	$10MIL	$25MIL	$50MIL
AVERAGE	8,095	34,052	61,926	126,174	213,381	0.8095	0.6810	0.6193	0.5047	0.4268
HIGHEST	10,000	50,000	100,000	250,000	425,000	1.0000	1.0000	1.0000	1.0000	0.8500
FIRST QUARTILE	10,000	41,250	75,000	140,000	255,000	1.0000	0.8250	0.7500	0.5600	0.5100
MEDIAN	8,725	31,875	55,000	125,000	208,250	0.8725	0.6375	0.5500	0.5000	0.4165
THIRD QUARTILE	6,000	25,000	50,000	102,500	165,000	0.6000	0.5000	0.5000	0.4100	0.3300
LOWEST	5,000	20,000	37,500	60,700	90,000	0.5000	0.4000	0.3750	0.2428	0.1800
NO. OF MANAGERS	10	28	38	37	34	10	28	38	37	34

THE BALANCED AND EQUITY FEE SCHEDULES OF INVESTMENT MANAGERS DIFFER FOR THE TWO MAJOR GROUPS PRESENTED ABOVE. THE FEES OF INSURANCE RELATED AND MUTUAL FUND RELATED MANAGERS ALSO FALL INTO DISTINCT RANGES BETWEEN THE TWO DISTRIBUTIONS ABOVE AND HAVE NOT BEEN PRESENTED BECAUSE OF THE LIMITED NUMBER OF SUCH MANAGERS.

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INVESTMENT MANAGER PROFILES
SUMMARY OF MANAGER FEE SCHEDULES
30-Apr-81

BOND ACCOUNT FEE SCHEDULES	------FEES FOR REPRESENTATIVE ACCOUNT SIZES-----					--------FEES AS A PERCENT OF ACCOUNT SIZE-------				
	$5MIL	$10MIL	$25MIL	$50MIL	$100MIL	$5MIL	$10MIL	$25MIL	$50MIL	$100MIL
WEISS, PECK & GREER	MIN	100,000	200,000	NEG	NEG	MIN	1.0000	0.8000	NEG	NEG
WELLS FARGO INV ADV-P	25,000-M	25,000	57,500	95,000	170,000	0.5000-M	0.2500	0.2300	0.1900	0.1700
WERTHEIM ASSET MGT-P	12,500	25,000	62,500	125,000	250,000	0.2500	0.2500	0.2500	0.2500	0.2500
WILMINGTON CAPITAL	MIN	45,000	85,000	135,000	235,000	MIN	0.4500	0.3400	0.2700	0.2350
WRIGHT INVESTORS'-P	15,000	27,500	60,750	102,000	164,500	0.3000	0.2750	0.2430	0.2040	0.1645
AVERAGE	21,363	36,719	75,600	125,246	217,229	0.4273	0.3672	0.3024	0.2505	0.2172
HIGHEST	50,000	100,000	250,000	425,000	550,000	1.0000	1.0000	1.0000	0.8500	0.5500
FIRST QUARTILE	25,000	42,000	87,000	147,000	267,500	0.5000	0.4200	0.3480	0.2940	0.2675
MEDIAN	20,000	35,000	68,625	113,125	187,500	0.4000	0.3500	0.2745	0.2263	0.1875
THIRD QUARTILE	17,000	25,000	54,500	87,500	147,500	0.3400	0.2500	0.2180	0.1750	0.1475
LOWEST	10,000	10,000	25,000	50,000	96,700	0.2000	0.1000	0.1000	0.1000	0.0967
NO. OF MANAGERS	61	78	82	78	75	61	78	82	78	75

MIN-- LESS THAN MINIMUM ACCOUNT SIZE. MAX-- GREATER THAN MAXIMUM ACCOUNT SIZE. NEG-- NEGOTIABLE. M-- MINIMUM FEE. C-- INCLUDES CUSTODY. A-- ADJUSTED FOR ADMINISTRATION CHARGES. P-- MANAGER HAS MORE THEN TWO DISCRETIONARY BOND ACCOUNTS REPRESENTING OVER $50 MILLION IN ASSETS OR HAS A SEPARATE BOND FEE SCHEDULE.

THE DISTRIBUTION OF FEES FOR PRIMARY (-P) BOND MANAGERS IS AS FOLLOWS:

	$5MIL	$10MIL	$25MIL	$50MIL	$100MIL	$5MIL	$10MIL	$25MIL	$50MIL	$100MIL
AVERAGE	20,070	34,099	72,525	122,159	208,701	0.4014	0.3410	0.2901	0.2443	0.2087
HIGHEST	37,500	62,500	140,000	250,000	500,000	0.7500	0.6250	0.5600	0.5000	0.5000
FIRST QUARTILE	25,000	38,750	81,250	143,750	262,500	0.5000	0.3875	0.3250	0.2875	0.2625
MEDIAN	18,750	34,165	68,000	112,500	187,500	0.3750	0.3417	0.2720	0.2250	0.1875
THIRD QUARTILE	15,000	25,000	56,250	88,000	150,000	0.3000	0.2500	0.2250	0.1760	0.1500
LOWEST	10,000	10,000	25,000	50,000	100,000	0.2000	0.1000	0.1000	0.1000	0.1000
NO. OF MANAGERS	37	52	57	55	54	37	52	57	55	54

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LOTTERY AND CHARITABLE GAMES CONTROL BOARD

STATEMENT OF BRANT COOPERSMITH, CHAIRMAN

SUBCOMMITTEE PROCEDURE

Senator D'AMATO. Our final witness this morning is Mr. Brant Coopersmith, the Chairman of the newly established Lottery and Charitable Games Control Board.

Mr. COOPERSMITH. Good morning, Mr. Chairman. As one who's had a good night's sleep, I have a very brief statement, copies which you have had.

Senator D'AMATO. Yes.

INTRODUCTION OF ASSOCIATES

Mr. COOPERSMITH. Which I need not read. But I want to introduce to you Mr. Douglas Gordon, who sits here to my left, who was appointed Director of the Lottery last February.

SUPPORT OF COMMITTEE

I also want to say at this time how much we appreciate the support you gave to this endeavor last year and particularly the assistance of the staff in keeping us informed and helping us from becoming desperate from time to time.

ACCOMPLISHMENTS OF BOARD

During this past year, summarizing what we've done, during this past period since we became operational, effectively last December, we have almost completed our rulemaking obligation and we have completed our RFP and are in the process of selecting the first contractor for the first game that we will have in the District of Columbia. It's very difficult. We've reviewed the experience of other jurisdictions with lotteries and we've come up with a plan that we hope will be fruitful for the District of Columbia.

STARTUP LOTTERY OPERATIONS

Senator D'AMATO. Let me ask you, when do you anticipate startup?

Mr. COOPERSMITH. We were asked this question in the other House and at the outside we will be in being by the time this fiscal year that we're talking about begins, by the end of this fiscal year.

Senator D'AMATO. October?

Mr. COOPERSMITH. Yes.

Senator D'AMATO. On the outside?

Mr. COOPERSMITH. On the outside; yes, sir.

Senator D'AMATO. I'm glad to hear that. That you're taking a more realistic view than others. because I've heard some people saying, "Oh, July, August." But you're being more realistic in saying that.

Mr. COOPERSMITH. Well, we're talking about the outside date. There are things that happened. People who talked about July and August were not being unrealistic but there are items over which we have no control.

Senator D'AMATO. What would that be, like the machines?

SELECTION OF VENDOR

Mr. COOPERSMITH. For example, the Board which was scheduled to select the vendor on the 24th will now move that up and we will select our vendor, the contractor, by a week from today.

Senator D'AMATO. Oh, that's unusual.

Mr. COOPERSMITH. In other words, we find 3 days very, very important because it gets over a hump and that means money.

Senator D'AMATO. Let me ask you this in the selection of the vendor. Obviously, you've had a number of proposals.

Mr. COOPERSMITH. We have had, actually, three proposals.

Senator D'AMATO. Three?

Mr. COOPERSMITH. Yes, sir.

Senator D'AMATO. In other words from three bona fide or three recognized vendors.

Mr. COOPERSMITH. Yes; the industry seems to be comprised of three firms capable of doing the business.

Senator D'AMATO. Are all of their proposals relatively in accord with each other or are there great disparities?

Mr. COOPERSMITH. I don't think we can discuss that, if you will forgive me. That process, until we make the selection, is supposed to be sacrosanct. We can face litigation if we talk about the process. I'll be glad to discuss it with you privately.

Senator D'AMATO. I'm not asking about any specific proposal. I'm asking you if they're all relatively within the same range, or do you find great disparities?

Mr. COOPERSMITH. No; I really can't respond to that. Maybe Mr. Gordon can.

EVALUATION OF VENDOR CONTRACTS

Mr. GORDON. Senator D'Amato, I'd like to respond. It's rather difficult to say what the range is because they have just begun the evaluation process. We had a panel of six evaluators who are top officials in the District of Columbia government.

Senator D'AMATO. Who are the six evaluators? I want to tell you something. We do a great disservice to this process by having six top officials in the District of Columbia government. It should be done by outside people. The final stamp of approval, obviously, has to be placed on it by the Board and the city officials. But the evaluators—I mean tell me you took the budget director, tell me the city administrator. So you have two. My gosh, do you have any outside, independent people on there?

Mr. GORDON. No, sir.

Senator D'AMATO. That's a mistake. Now, I don't understand. You're going to get down to the area of selecting who is going to make the best proposal and you know that the Congress is going to be watching this thing and you know that most of the Congress is absolutely against this whole situation but the spirit of this is local home determination so we say, "OK, go ahead, set this up," and I just think you're making it unnecessarily difficult when you don't bring in an outside evaluator as well.

You don't have somebody there who's—you must have some consultants there?

Mr. GORDON. Mr. Chairman, if you will, I would like to explain the entire process.

OUTSIDE CONSULTANTS

Senator D'AMATO. Do you have some consultants?

Mr. GORDON. Yes, sir.

Senator D'AMATO. Who are going to be sitting with those six officials who will be making a report?

Mr. GORDON. Mr. D'Amato, we had Mr. John Quinn who's the executive director of the New York lottery down. We had Mr. Ralph Batch who is the executive director of the Delaware Lottery down, who met with the Board and me and the evaluators.

Senator D'AMATO. Will they be reviewing the proposals as well and making their recommendations to the top six city officials?

Mr. GORDON. No, sir, but a recommendation——

Senator D'AMATO. Well, then I want to tell you something. They can give you general outlines and you can talk to everybody in the world and you can talk to the most astute, distinguished person in this area, but unless they are there to look, sure, they've given you some general outlines, what to look for, what their experience has been with various companies. But it just would seem to me you've got to bring in this kind of review as well. Otherwise you're going to be criticized.

Mr. GORDON. Mr. Chairman, the evaluators that I mentioned will be making independent evaluations of the proposals which will be given to me. I make a complete, comprehensive report to the Board. The Board will be the body that makes the decision on who is to be awarded the contract.

Senator D'AMATO. The evaluators are the six city officials?

Mr. GORDON. Independently, each of the six looked at the three——

MEMBERS OF EVALUATION TEAM

Senator D'AMATO. Well, who are they? You have a member from the City Council?

Mr. GORDON. No, sir.

Senator D'AMATO. Well, tell me who the six are.

Mr. GORDON. From the Office of Planning and Development, it was Quasi Coleman, the Executive Assistant.

Senator D'AMATO. Now, you have a representative from planning and development.

Mr. GORDON. From the Department of Finance and Revenue, the Associate Director, Billy Cook.

Senator D'AMATO. Finance and Revenue, another representative.

Mr. GORDON. From the Office of the Comptroller, Ed Ross.

Senator D'AMATO. Comptroller's Office.

Mr. GORDON. From the Office of Minority Business, the Director, Bill Jamison.

Senator D'AMATO. OK.

Mr. GORDON. And from the Office of Business and Economic Development, the Deputy Director, Julian Nicholas.

Senator D'AMATO. OK.

Mr. GORDON. And from the Office of the City Administrator for Computer Services, Mr. Joseph Yeldell. I think those are the six.

COMPLETION OF EVALUATION

Senator D'AMATO. And they're going to evaluate the proposals?

Mr. GORDON. They have completed the evaluation, Senator.

Senator D'AMATO. Pardon me?

Mr. GORDON. They have completed their independent evaluation.

Senator D'AMATO. These six people have already completed their independent evaluations?

Mr. GORDON. Yes, sir.

Senator D'AMATO. They've made their independent evaluations and they are now submitting them to the Board as a whole?

Mr. GORDON. No, sir; to me.

Senator D'AMATO. To you?

Mr. GORDON. Yes, sir.

Senator D'AMATO. And then you're going to then decide, based upon their evaluations, who it is, who gets this?

Mr. GORDON. No, sir.

Senator D'AMATO. Well, then what are you going to do?

Mr. GORDON. They have submitted their evaluations to me. The Board has instructed me to make a comprehensive report to it, to the Board.

Senator D'AMATO. You're going to make a report for them?

Mr. GORDON. A report, not a recommendation.

Senator D'AMATO. A report.

Mr. GORDON. A report to the Board.

Senator D'AMATO. OK.

FINAL DECISION BY BOARD

Mr. GORDON. The Board will then deliberate, having reviewed the proposals themselves, and make the decision.

Mr. COOPERSMITH. Senator D'Amato, the Board has been traveling and has visited communities that have had services by the three principal industries, the three principal companies in the industry, and they have spent time with the lottery administrations of those States. I'd like to emphasize the time they spent with the State of Arizona, which is comparable to ours in that it's a brand new operation.

The members of the Board are insistent that they make the selection. They won't trust that responsibility to anybody. They have, in a sense, had the advice of outside——

Senator D'AMATO. Who?

Mr. COOPERSMITH. The Board, in that they have visited with lottery administrations.

Senator D'AMATO. Mr. Coopersmith?

Mr. COOPERSMITH. Yes, sir?

Senator D'AMATO. To date I have not said to anybody that that is total nonsense and gibberish. Going around and visiting various places does not qualify someone or any board, as distinguished as it may be, to say that, "Well, I've had the benefit because I've seen—I went to Arizona, I went to New York, I went to New Jersey, I visited their operations, and now I know."

It's just not so. And if you don't have a review of the independent reports or the report that this distinguished director is going to make after he gets the reports or the recommendations and evaluations from the committee, I think you have problems.

CONSULTING WITH OTHER LOTTERY EXPERTS

Mr. COOPERSMITH. Well, I think we have problems anyway. There isn't a single person that knows anything about lotteries that's not on somebody's payroll in this country. And the only persons we can depend upon that I would depend upon——

Senator D'AMATO. Are you saying to me that there is no one capable of making an evaluation, going over the recommendations made by the six, and then a report made with Mr. Gordon, and then making a recommendation or recommendations to the board that isn't on someone's payroll?

Mr. COOPERSMITH. Nobody that has experience that we have been able to find, that's correct. This is a small field, linked to the industry. In my judgment, the industry dominates it far too greatly anyway. I am proposing that States get together and pool their resources and develop some independent capacity of judging proposals. But meanwhile we're relying upon our colleagues in other States to help us avoid whatever errors they have made and to give us the benefit of their experience.

In this regard, we brought down Mr. Batch of Delaware, who is the most experienced and highly regarded lottery official in the country, State official we could find, and Mr. Quinn from your State, sir.

They have spent time with us and we have spent time with them. The visiting of the States was to consult with people, to find out how they operate and what we must watch out for.

I started before I was appointed, to try to find some place in this country, some research authority somewhere where there is somebody that knows something about this lottery game that isn't on somebody's payroll. I trust everybody but somehow or other when you're a consultant to somebody you give them the kind of results that they want and we could not find anybody that wasn't linked.

Now, there may be somebody but the whole business——

Senator D'AMATO. Have you checked with the various comptrollers and financial agencies, both governmental and independent, who may have made reviews of these various systems?

Mr. COOPERSMITH. No; we've checked with comptrollers in the——

Senator D'AMATO. The Comptroller of the State of New York?

Mr. COOPERSMITH. No, sir; we checked with the lottery officials of the people that we thought that would know this.

Senator D'AMATO. Sure. What about the Comptroller of the State of New York?

Mr. COOPERSMITH. We haven't checked with the Comptroller of the State of New York.

Senator D'AMATO. Don't you think it might be advisable to get in touch with some of the financial people who are independent and who make certain judgments and evaluations of these things, and that's what a consultant would have you do? I just bring it up at the top of my head. But that's the kind of thing that should be done.

Mr. COOPERSMITH. It had not occurred to us, sir. We thought——

USE OF INDEPENDENT AUDITORS

Senator D'AMATO. Well, let me suggest to you, sir, that you then get in touch with some of the independent auditors of the various jurisdictions, whose responsibility it is to audit these various games, and maybe you'll find out something, because they're not on the payrolls.

Mr. GORDON. Mr. D'Amato, we're going to have our own independent auditor in this operation but we're talking about—I thought you were talking about the evaluation process.

Senator D'AMATO. Of course I'm talking about the evaluation and you learn something from some of these people who have audited them and who have had to deal with them and have had their own education and their own experience. Maybe you can avoid some problems.

Mr. COOPERSMITH. We also checked with the executive directors, asking them for assistance, either directly or from some of their key staff people. Each of them refused, Mr. D'Amato. They said that they would lend us technical assistance and advice, but they would not be involved in the evaluation process.

Senator D'AMATO. Well, that's why I suggested that you bring in an outside auditor whoever it is——

Mr. COOPERSMITH. The kinds of things that they are evaluating, Mr. D'Amato——

Senator D'AMATO. I'll give you a little story. This seems to me, that we get so imbued with keeping the power, keeping the power, that we're afraid to let some others come in, give some suggestions, take over some of that authority. But maybe in the final analysis that will give us the ability to do that which otherwise, because we retained it into ourselves and we think we know it all, and we could avoid some very real problems. I even noticed that for years. It's not common. It's not indigenous to Washington. It's something that is rather commonplace in the local officials who don't know how to dispose of their solid waste, their garbage. They'll be in an adjoining community that says, "Well, look, we've got a project over here. You can ship your garbage over here and we'll take care of it and we'll process it," and my God, that local sanitation commissioner, he doesn't want to give up his power of heaping the garbage in some old landfill, which is under all kinds of violations. He just doesn't want to give up the power. Now, you've got something here that everybody's going to be watching and I just say God help you if this thing breaks down. At least you've got only three people in the industry so——

ESTABLISH A LOTTERY RESEARCH CAPABILITY

Mr. COOPERSMITH. Mr. D'Amato, Senator, I can't agree with you more. I'd like to repeat the proposal which I have been informally making, namely that each State puts up about $15,000 a year. It's a multibillion dollar industry now.

Senator D'AMATO. That's right.

Mr. COOPERSMITH. And establish a chair some place or a research institute some place, not only so that we can have the labs to test things but all of the creativity that's necessary and which seems to generate from the new boards within the industry.

Senator D'AMATO. From the industry itself, sure. So, you're captured, in essence.

Mr. COOPERSMITH. That's right. And so I'm——

Senator D'AMATO. I want to commend you, Mr. Coopersmith, for your candor.

Mr. COOPERSMITH. It's nobody's fault. It needn't be malignant. It's just in the nature of the beast and we're new boys on the block and we can't come in and say that, but I know that my colleagues on this Board from before the time that we were confirmed were talking in these terms. Where do we find the consultative services that would help us work, and the answer, when we tried to find them, was we couldn't, and therefore we've gone this direction.

I believe that the evaluating process we have, the reporting process we have, plus the effort which we are making, plus the state of the art which exists, which is limited because of the dominance of the industry as it presently is, will give us—we will produce, we will select, a contractor which will do the job as well as it's done anywhere and then make our contribution to the field in general for the creative development.

INDEPENDENT AUDITOR SOURCE

Senator D'AMATO. Let me thank the panelists and indicate again that we have some specific questions in writing that we'll submit to you. I would still like to see you get, even in the short time allocated to you, some independent source, again, in the area of one of the big six accounting firms as a possibility, to review these things very carefully. It gives you the ability to face what will obviously be close public and private scrutiny. It's very important. We live in a difficult time. You gentlemen should understand more than any that there were many members who sincerely were concerned with the lottery coming into effect and, you see, without that kind of independence, judgment, yes, as indeed reviewed and confirmed, and by the way if someone else doesn't confirm it, then maybe you've got some problems. Maybe you should review it again.

That's why I would suggest that that's an element that it seems to me has been left out. Not someone attached to the Government. But someone that you put under contract.

Now, I am a fiscal conservative and here I am saying in two cases it may be well spent money to have that independent kind of review.

Mr. COOPERSMITH. We wouldn't have hesitated to do that, I assure you, could we have done it.

Senator D'AMATO. Yes.

Mr. COOPERSMITH. Just very quickly I'd like to say this to you, sir. We know of your support and we take all of these comments as really meaningful suggestions and we will try to do something about it. I just want you to know again how much we appreciated what you did last year and look forward to your continuing support.

Senator D'AMATO. Well, we wish you success. Thank you very much.

Mr. COOPERSMITH. Thank you very much.

SUBMITTED QUESTIONS

Senator D'AMATO. I have some questions which I will submit for responses for the record.

[The following questions were not asked at the hearing but were submitted for response for the record.]

QUESTIONS SUBMITTED BY SENATOR D'AMATO

LOTTERY AND CHARITABLE GAMES CONTROL BOARD

SENATOR D'AMATO:
The budget request includes language that would authorize that beginning in 1983 the administrative costs of the Board appropriations be made to the General Fund as a subsidy transfer to the Enterprise Fund.

1. Specifically how will this work?

MR. GORDON:
1. The Lottery and Charitable Games Enterprise Fund will receive all revenues generated by the Board. The administrative costs of $1,185,400 will be a subsidy transfer to the Enterprise Fund from the General Fund. It is to be repaid to the General Fund when the Board generates its own revenue in FY 1983.

SENATOR D'AMATO:
2a. What affect would this have on the level of review of the Board's budget by the District government and the Congress?

MR. GORDON:
2a. The level of review will remain the same as that applied to any other agency of the District government.

SENATOR D'AMATO:
2b. We notice that the number of positions is absent from the justifications in 1983, please explain who reviews those staff levels.

MR. GORDON:
2b. The number of positions for the Lottery Board is contained in the agency portion under the enterprise fund. The Office of Budget and Resource Development will continue to review staff levels for the Lottery Board.

SENATOR D'AMATO:
I noticed in the budget that the total revenues from the Board's activities is $84 million but only $26 million is transferred to the District treasury.

I.(1) Where does the other $58 million go?

MR. GORDON:
I.(1) The other $58 million is allocated as follows:

41.3 - prizes
11.3 - fees to vendors
4.2 - commissions to agents
1.2 - repaying general fund for the operating transfer

SENATOR D'AMATO:
I.(2) When do you expect to get started, will there be any revenue realized in this fiscal year?

MR. GORDON:
I.(2) It is not yet known whether revenue will be realized this year from the instant lottery which will be the first operation of the Board. However, the on-line (daily numbers) game will require a reserve for payment of prizes. Any revenues realized from the instant lottery for FY 1982 will be retained in the Enterprise Fund for this purpose.

SENATOR D'AMATO:
I.(3) Originally you expected to be operating by now--what caused the delay?

MR. GORDON:
I.(3) Although the Board was sworn in in July of 1981, it did not receive an operating budget until December 1981. Effective operation did not really begin until January 1982. At that time, a staff had to be recruited, including executive director, and suitable office space found. The delay was really caused by a six-month lag in providing funds for the Board.

SENATOR D'AMATO:
II. You refer to 800 instant lottery agents and 200 on-line agents. Would you explain their function as to use and their relationship to the Board?

MR. GORDON:
II. Instant lottery agents will be a network of retail establishments in the District of Columbia licensed by the Board to sell instant lottery tickets. For this they will receive a 5% commission on gross sales.

On-line agents will also be retail establishments in the District of Columbia licensed by the Board. They will sell tickets in the daily numbers game. On-line refers to the computer system used in which a terminal is installed in these establishments. Their commission is also 5% of gross sales.

As agents of the Board, their lottery activities are monitored closely by the Board to make certain that they conform to regulations.

Agents are required, in the case of instant lottery, to pay winners their prizes up to $51, and in the on-line game, up to $501.

SENATOR D'AMATO:
III.(1) I would like to talk a little bit about your workload factors. How many charitable game applications have you received?

MR. GORDON:
III.(1) Regulations for the charitable games division have not yet been promulgated, therefore, no applications have been issued at this time.

SENATOR D'AMATO:
IV.(1) What is your staff request for 1983?

MR. GORDON:
IV.(1) Forty-one positions are requested for 1983.

SENATOR D'AMATO:
IV.(2) How does that breakdown between your lottery and charitable games division?

MR. GORDON:
IV.(2) The positions as shown in the budget request are as follows:

Office of the Executive Director	24
Lottery Division	7
Charitable Games Division	10

OFFICE OF PLANNING AND DEVELOPMENT

SENATOR D'AMATO:
What is the status of the Comprehensive Plan? When will it be complete?

MR. GIBSON:
A draft of the Comprehensive Plan will be transmitted to the Mayor in late June and then be made available for general community review.

SENATOR D'AMATO:
OPD has been designated as the lead City agency in implementing the Capital Improvements Program (CIP) and 4 positions are asked to coordinate that function. Where was this coordinated before and are these positions being transferred from other government agencies or are they new hires?

MR. GIBSON:
The Office of Planning and Development has been designated as the lead City agency to prepare the Six-Year Capital Improvements Program. This responsibility entails soliciting project proposals from the various City agencies, reviewing and prioritizing these projects against available capital funding, and preparing the recommended six-year program for the City, which is updated annually. Implementation, the actual carrying out of construction and other physical improvements, is the responsibility of the various line agencies - Department of General Services, the Department of Transportation, the Department of Environmental Services, etc.

The preparation of the Six-Year Capital Improvements Program was formerly assigned to the Office of Budget and Resource Development. The City Administrator transferred this function to the Office of Planning and Development in May 1981, to provide better coordination between the District's overall development planning and the Capital Improvements Program. When the transfer of function occurred, the Office of Budget and Resource Development had only two staff persons assigned to the Capital Improvements Program, down from seven positions in 1978. Those two positions remain in the Office of Budget and Resource Development, to monitor the implementation of capital projects by the various agencies.

Four new positions in the Office of Planning and Development were created for the Capital Improvements Program. For the remainder of Fiscal Year 1981 and for Fiscal Year 1982, staffing was provided by intra-district transfers of funds from the Office of Budget and Resource Development and the major capital construction agencies. One Office of Planning and Development staff person was assigned to head this new function; the other three positions were filled through temporary hirings.

SENATOR D'AMATO:
In addition, 3 positions are asked for Plan Implementation and 1 for the Data Services Division, why are these resources needed and what is their role?

MR GIBSON:
The three new interagency coordinator positions will provide the staff support for the Development Policy Group. This is an agency-head level policy coordination committee, chaired by the Assistant City Administrator for the Office of Planning and Development, which provides direction and recommendations to the City Administrator on complex development issues whose solution requires cooperation of various agencies. Members of the Development Policy Group include the Office of Business and Economic Development, Budget and Resource Development, and the Departments of Transportation, Environmental Services, and Housing and Community Development. The membership is expanded to include other agencies depending on the issue. Without these positions, there is insufficient staff to perform needed analyses and coordination.

The Municipal Automated Geographic Information System (MAGIS), which has won awards and national recognition, brings the most useful data of several District files, plus demographic, social, and economic data from census and other resources, into a single integrated automated system on a very small area basis-lot or block. The staff serving MAGIS is limited and a new position (Statistical Clerk) is requested to help stabilize this program. Without the position, demographic estimates, 1980 census work, projections mapping and MAGIS support work would be drastically curtailed.

SENATOR D'AMATO:
Since 1980 the Office of Planning and Development's Intra-District Sales Revenues has steadily decreased, why is that? What services were performed that the office no longer provides other District agencies?

MR GIBSON:
The Office of Planning and Development's Intra District Sales Revenue has steadily decreased since 1980 due to cutbacks in the CETA program and Community Block Grant fundings. The cutback in the CETA program resulted in the Office of Planning and Development providing on-the-job training to fewer CETA participants. There has not been a decrease in the essential services provided other District agencies but there has been a reduction of MAGIS services. For example:

a. During Fiscal Year 1981 we had to abandon the comprehensive edit checks on the MAGIS input;

b. we are no longer able to maintain the monitoring of the condominium development in MAGIS;

c. we postponed development of a District-wide MAGIS;

d. we have had to postpone preparation of 1981 housing unit estimates; and,

c. we have had to postpone research into improved methods of making intercensal population versus housing estimates.

SENATOR D'AMATO:
No revenues are expected in 1983. Shouldn't coordination of the CIP or providing of MAGIS information to other agencies result in some reimbursement?

MR. GIBSON:
The coordination of the Capital Improvements Program is a service of the Office of Planning and Development to the District and would not result in any reimbursement. Providing MAGIS information to other agencies will produce no revenue. However, the agencies will be expected to reimburse the Office of Planning and Development for the cost of computer time to produce the requested document.

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY

SENATOR D'AMATO:
In past budgets the Housing Finance Agency has been a part of the Department of Housing and Community Development.

1. Why is it being separated now?

MS. OAKLEY:
1. The budget of the D.C. Housing Finance Agency (DCHFA) is being separated from the Department of Housing and Community Development (DHCD) because the legislation creating the DCHFA intended that it be a separate agency. The DCHFA was included in the DHCD budget in fiscal year 1982 only. Since the DCHFA was newly formed at the time the fiscal year 1982 budget was being acted upon, it was felt that inclusion in DHCD's budget was the appropriate way to request funds to cover the initial anticipated needs of the DCHFA.

SENATOR D'AMATO:
No figures are provided on the costs of the Agency in 1982.

2. Please provide the latest estimates on a comparable basis with those submitted for 1983.

MS. OAKLEY:
2. The following is a summary, on a comparable basis with those submitted for 1983 of the costs of the Agency in 1982:

Salaries	$ 214,777
Fringe Benefits and Payroll taxes	25,760
Supplies and Materials	13,100
Communications	8,089
Building rent	77,545
Other services and charges[1].	203,474
Subsidies and transfers[2].	2,000,000
Equipment Rental and Purchases	21,284
	$2,587,354

1. Includes legal fees to bond counsel and professional consultants assisting the Agency in designing and administering programs the Agency should undertake.
2. $2 million requested in FY 1982 by the Department of Housing and Community Development for the D.C. Housing Finance Agency single family program.

SENATOR D'AMATO:
3a. Why is this Agency staffed with temporary people?

MS. OAKLEY:
3a. The Agency personnel is listed as temporary because the District contemplates that the Agency will not be a continuing appropriated Agency. The Agency can charge and expects to charge a financing fee for providing loan funds. It is anticipated that the financing fees to be charged will be sufficient to fund the operations of the Agency. The Agency, however, has been unable to charge any financing fees to date due to the historically high tax-exempt interest rates. Thus, so long as the tax-exempt interest rates are such that the Agency can not charge a financing fee the Agency anticipates being an appropriated agency.

SENATOR D'AMATO:
3b. How many man-years does this represent?

MS. OAKLEY:
3b. This represents seven (7) man-years or employees.

SENATOR D'AMATO:

Last year you requested and we approved, over the objection of our House colleagues, $2 million to allow the Housing Finance Agency to issue single family mortgage revenue bonds. On April 12, 1982 the Mayor informed us that because of high interest rates that you were expanding the eligibility to multifamily rental housing as well.

1a. Would you elaborate on the reasons for this action?

MS. OAKLEY:
1a. The Mayor requested a modification in the use of the $2 million to include multifamily rental housing because of the high tax-exempt interest rates. In fiscal year 1982 the Housing Finance Agency received approximately 550 units of Section 8 new construction and substantial rehabilitation units from the Department of Housing and Urban Development (HUD). The subsidies originally provided were sufficient to support the payment of debt service on any loan provided to construct or rehabilitate the units at an interest rate of eight percent (8%). Today, the thirty year tax-exempt housing bond interest rate is approximately thirteen percent (13%). Thus, additional funds were necessary to pay the discount between 8% and 13%. HUD, through its financing adjustment mechanism, agreed to make up the difference between 8% and 12%, by a combination of increased Section 8 contract authority and four (4) points from the developers. In order to bridge the gap between 12% and 13% an additional eight (8) points are necessary.

Since it is highly unlikely, given present federal policy towards long term deep subsidization that any substantial number of Section 8 subsidies will be available in the future, and since this is the first allocation of Section 8 new construction and substantial rehabilitation units to the District of Columbia other than the Neighborhood Strategy Area units previously awarded, it is the opinion of the Housing Finance Agency that that portion of the $2 million necessary to bridge the gap between 12% and 13% should be available to loan to the projects to make them feasible. Without the $2 million the projects are infeasible.

SENATOR D'AMATO:
1b. Are you helping people buy income producing rental housing?

MS. OAKLEY:
1b. The $2 million, in addition to the loan proceeds from the Agency are being made available to sponsors consisting, for the most part, of tenant associations and community groups in joint venture with private developers. The joint ventures are rehabilitating or constructing the projects and will be the owners. In the case of the substantial rehabilitaion projects, present and former tenants will return to the buildings after completion. All of the projects have units with two or more bedrooms, designed to accomodate families.

SENATOR D'AMATO:
1c. Is it for new construction or rehab of existing units?

MS. OAKLEY:
1c. Of the projects that will be eligible to recieve a loan out of the $2 million if it is made available, two (2) projects are new construction projects and five (5) projects are substantial rehabilitation projects.

SENATOR D'AMATO:
1d. What sort of criteria are used to select these loans?

MS. OAKLEY:
1d. In April of 1981 the Agency advertised in the local newspapers the potential availability of 550 Section 8 subsidies. In response to that advertisement the Agency received thirty-three (33) proposals requesting approximately three thousand (3,000) units of Section 8 subsidies. The Agency established the following criteria, among others, for selecting and reviewing the proposals:

(1) To the extent possible a mix of household types was required:

Family (1 and 2 bedrooms)	275 units
Large family (3+ bedrooms)	275 units

(2) Rents had to be cost justifiable unless they were equal to or less than the adjusted fair market rents established by HUD;

(3) The maximum replacement cost was limited to the HUD standard;

(4) High rise developments of family units with children, except for substantial rehabilitation of existing occupied buildings were unacceptable;

(5) Projects which retained more than 10% of the project's total gross area for ancillary commercial facilities were unacceptable;

(6) All proposals were required to comply with the Housing Assistance Plan of the District of Columbia;

(7) All projects were required to have FHA Mortgage Insurance;

(8) All projects were required to make at least 20% of the units available for persons of low or moderate income, as defined by HUD for purposes of the Section 8 program;

(9) At least 15% of the units in each project were required to be reserved for low income persons as defined by the Agency enabling legislation, which is lower than the HUD definition.

SENATOR D'AMATO:

1e. What is the percentage breakdown between single and multifamily dwellings now expected?

MS. OAKLEY:
1e. We expect to undertake our multifamily rental housing program in fiscal year 1982 and to initiate our homeownership program in fiscal year 1983. Thus, in 1983 we expect our portfolio to represent equally multifamily rental and homeownership units financed by the Agency.

SENATOR D'AMATO:
What about in 1983, you have a similar request for next year.

1f. Will it be limited to single family structures or open to rental units as well?

MS. OAKLEY:
1f. The $2 million requested in fiscal year 1982 is for program subsidization. We expect the emphasis of our fiscal year 1983 program to be homeownership and home improvement, however, should market conditions preclude our undertaking these programs the $2 million will be used for other financially feasible programs.

RECORDER OF DEEDS OFFICE

SENATOR D'AMATO:
1. What will the additional requested funding of $164,200 be used for?

MRS. STOKES:
1. The additional funding of $164,200 includes an increase of $85,100 which includes $29,200 for annualization of one (1) Conveyance Examiner position for eight months, provisions for within-grade step increases, and $55,900 for a pay adjustment in Personal Services. The remaining $79,100 allocated to Other Than Personal Services provides $16,500 to meet expected inflationary and increased workload demands in supplies, communications, maintenance, repairs, equipment, necessary service contracts, and $62,600 to purchase equipment for data retrieval systems for General Documents and Real Property Divisions.

SENATOR D'AMATO:
2. There are fees charged for this service, what amount of revenue is derived from these charges?

MRS. STOKES:
2. Revenue collected by the Office of Recorder of Deeds for fiscal 1981 was as follows: $15,001,052 in recordation taxes, $12,683,023 in transfer taxes, $265,231 in miscellaneous filing fees, $1,174,796 for corporation fees, and $106,224 in other revenue, which includes monthly fees for certified copies and certificates. The total revenue collected amounted to $29,230,326 for FY 1981.

SENATOR D'AMATO:

3a. What type of impact will the loss of the CETA program have on this office?

MRS. STOKES:

3a. The CETA program terminated for this agency at the end of May, 1981. During the existence of the program, this agency carried between 9 and 13 CETA staff members to augment its authorized permanent staff ranging between 49 and 55 staff members. The termination of the CETA program lowered the agency's effective working staff by almost 25 percent. The CETA employees were used in the same manner as the permanent staff in the completion of the agency's workload, so that the agency could carry on its work without the need of requesting authorization for additional permanent staff. The most profound impact of loss of the CETA program was in the Corporation Division. In May of 1981, the Division had a staff of 19 employees. In May of 1982, the Division has a staff of 13. The Division's staff has decreased by one third in one year. The demise of the CETA program has severely cut the staff complement at a time when the informational needs of the user public were escalating.

SENATOR D'AMATO:

3b. Were these additional staff people that you were able to train for positions, no cost to the District of Columbia government?

MRS. STOKES:

3b. The CETA personnel employed by this agency was categorized under two programs: the regular CETA program that was funded by Federal grant money and the Out-Of-School program funded out of District of Columbia appropriated money. This agency only participated in the final phase of the Out-Of-School program and employed only one (1) group of such persons; the balance of the agency's CETA employees, by far the majority, were under the regular CETA program at no cost to the District of Columbia Government.

During the course of the CETA program, the agency converted 11 CETA employees to its permanent staff. Of those employees converted, only one (1) was from the Out-Of-School program. Also, a number of CETA employees trained in this office were able to gain direct permanent employment in other government offices.

Once CETA employees were taken on as permanent staff, they became part of the District of Columbia payroll.

OFFICE OF THE SURVEYOR

SENATOR D'AMATO:

1. Give a breakdown as to what percentage of this $65,500 will be alloted to supplies and materials, communications, postage, advertising, equipment repair and the purchase of new equipment.

MR. SHEAFFER:

1. The $65,500 increase in Other Than Personal Services for F.Y. 1983 will be alloted as follows: Supplies and Materials 4.7%; Communications 21%; Postage 2.4%; Printing and Reproduction 7.2%; Machine Repair 3.1%; Advertising 17.3%; and Purchase of New Equipment 44.3%.

SENATOR D'AMATO

2. What is the position you plan to abolish? What affect will it have on the production of this office?

MR. SHEAFFER:

2. The position slated for abolishment is that of the Assistant Surveyor. The elimination of this position was apparently proposed by my predecessor, who has since retired. It was due, in my judgement, to a misunderstanding of the essential and important role of an Assistant Surveyor and the sound need for a strong management posture to properly direct an operation which is vital and basic to the land records of the city.

The affect on production by the elimination of this position will manifest itself in reduced guidance of field and cartographic areas of activity. Adherence to standards and procedures will be more open to variance. It will place the principal management function upon only one professional position. The transition to upgrading operational modes will be less concentrated, as the principal effort will fall upon just the one professional position remaining in this office. This of course is the Surveyor. It will reduce the effective efforts needed to stem the degradation in quality work and quality service.

SENATOR D'AMATO:

3. Does the work load really increase at least 5% each year based on your historical data, or is that figure higher or lower from 1980 to the present time?

MR. SHEAFFER:

3. The 5% has been in effect over the years and is based upon a judgement in growth of volume. We have now checked our historical data and find that there is a variation. In some categories, since 1980, the increase has been in excess of 5%.

MINORITY BUSINESS OPPORTUNITY COMMISSION

SENATOR D'AMATO:

1. The MBOC budget justifications state that one of the responsibilities of the Commission is to certify minority firms to participate in the "sheltered market." Please explain, what is a sheltered market?

MR. JAMESON:

1. The term sheltered market means a process whereby contracts or subcontracts are designated, before solicitation of bids, for limited competition from minority business enterprises on either a negotiated or competitive bid process. The minority business enterprises must be certified by the Minority Business Opportunity Commission (MBOC).

SENATOR D'AMATO:

2. You state that investigations are made on a selective basis to insure compliance with the Minority Contracting Act of 1976, D. C. Law 1-95. Are all firms checked for compliance on a routine schedule or by some other means?

MR. JAMESON:

2. All applicants are investigated during the application process, including extensive review of corporate records, and on-site visits. All firms undergo the same kind of investigation upon

application for re-certification. Firms are investigated when suspected of being ineligible for the program or upon complaints lodged against them. The limitations of staff have prevented us from implementing the systematic review schedule, which calls for annual reviews.

SENATOR D'AMATO:
3. The FY 1983 budget represents the second consecutive doubling of the MBOC budget. In 1981 $63,300 was available from all sources, in 1982 $135,300 is currently available and $307,500 is requested in 1983. What functions are currently being covered by intra-District sales?

MR. JAMESON:
3. Intra-District sales currently cover half of the MBOC's operating staff. The positions funded by intra-District sales are: Investigator, Financial Analyst, Staff Assistant, Contract & Marketing Analyst and Receptionist. Additionally, Other Than Personal Services costs for Supplies and Materials, Building Rental, Communications, Other Services and Charges, (printing, postage, equipment repair and travel) and Equipment are funded through intra-District sales.

SENATOR D'AMATO:
4. For FY 1983 5 additional staff are requested, bringing the total to 9. What responsiblities will these additional positions be assigned?

MR. JAMESON:
4. The 5 additional positions requested are not new positions but positions which were previously funded through intra-District sales. The 5 positions will enable the Commission to stabilize its staff operations and to carry out the responsibilities of the positions. The positions and responsibilities assigned include:

> Investigator - provide 100% review capability for all applicants for certification. The position will enable on- site inspections and comprehensive review and analysis of corporate records, including finances, ownership, employees, contract and bonding history, and product/service capability. The addition of this position will enable MBOC to continue periodic and random investigations, reviews and inspections, as well as those conducted at the time of certification and recertification. This position will also make initial determinations of business enterprises' capability to perform on contracts.
>
> Staff Assistant - responsible for the upkeep of the minority business directory. This position is responsible for the efficiency and effectiveness of the administrative functions of the Commission. The staff assistant supervises all secretarial and clerical personnel assigned to provide direct support to the MBOC.
>
> Financial Analyst - responsible for the development of a comprehensive MBE business development strategy. This position will enable MBOC to enhance the viability of existing District MBE's. A business development strategy will enable MBE's to penetrate new markets in the private and public sectors or to increase participation shares in existing markets. Encourages joint ventures between minority and

non-minority private sector enterprises; assesses capability of certified MBE's, coordinates with banks and other financial institutions, the development of a long-range capital formation program for MBE's.

Contract and Market Analyst - determine market oportunities, not only in major categories, but in specific, renewable annual contracts/procurements. This person will review and analyze annual department/agency purchasing projections, assessing market opportunities and MBE potential for successfully competing for these contracts/procurements. The Contract and Market Analyst will assist agencies in revising procurements by dividing contracts into smaller segments or otherwise structured to permit MBE participation, either as a prime contractor, subcontractor or joint venture partner.

Receptionist/Typist - distributes applications to firms applying for certification, performs various other receptionist-type duties and is responsible for clerical functions of the Commission.

SENATOR D'AMATO:
5. You are requesting $8,700 for office rent in 1983. Compare this to the current year - by cost and square footage? Will the current space available accommodate a doubling of the staff?

MR. JAMESON:
The $8,700 requested for office rent for 1983 is the same cost and square footage as 1982 and will therefore accommodate the 5 positions requested which are currently funded through intra- District sales.

SENATOR D'AMATO:
6. How many minority businesses have been aided in the last 2 years and what are the projections for 1982 and 1983? Also include the dollar amount of minority contracts in each of these years, and the number of new firms bidding.

MR. JAMESON:
6. The performance measures for FY 1980 and 1981 and projected for FY 1982 and 1983 are:

MBE'S	FY 1980	FY 1981	FY 1982	FY 1983†
Certified	174	195	250	275
Investigated	200	235	280	310
Counselled	510	550	600	675
Conferences and Seminars	10	12	18	24
Contracts Awarded	$68M	$115M	$150M	$165M

† Projected

There are no records kept on the number of new firms bidding.

SENATOR D'AMATO:
7. What groups are considered minorities and what percentage of Commission time is spent on outreach and assistance to each?

MR. JAMESON:
7. D.C. Law 1-95 as amended by D.C. Law 3-91 defines minority (for the purposes of the Law) as: "...Black Americans; Native Americans; Hispanic Americans with origins in Central and South America, Mexico and the Caribbean; who, by virtue of being a member of the foregoing groups, have been found by the Council of the District of Columbia to be economically and socially disadvantaged because of historical discrimination practiced against these groups by institutions within the United States of America."[1] There are no records kept as to time spent with the various groups eligible under the law.

SENATOR D'AMATO:
8. Specifically, do Asian-Americans qualify for MBOC aid?

MR. JAMESON:
8. Two bills before the District Council's Housing and Economic Development Committee, Bill 4-437: "Minority Contracting Act Admendment Act of 1982" and Bill 4-447: "Minority Contracting Act of 1976 Definitions Amendments Act of 1982", include the coverage of Asian Americans in the definition of minorities.

SENATOR D'AMATO:
9. What percentage of MBOC staff are minorities?

MR. JAMESON:
9. 100%

SENATOR D'AMATO:
10. Does the MBOC work only with District government contracts or with other contracting work as well?

MR. JAMESON:
10. The MBOC, by law has regulated functions only with D.C. government contracts, but encourages and facilitates minority business participation in Federal government and local commercial contracts.

SENATOR D'AMATO:
11. Last summer the General Accounting Office issued a report entitled "Source Restructuring Needed In District's Contracting Program to Serve Minority Businesses." Would you generally comment on this reports findings and recommendations. Also indicate programs or initiatives in the 1983 budget to correct problems identified in the GAO report.

MR. JAMESON:
11. The GAO report, based on procedures in effect and records available during FY'80 and FY'81 was generally helpful in pointing up some program deficiencies and procedural gaps. Many problems pointed up in the report were corrected during the study and prior to publication of the report. As the official response of MBOC stated, we categorically deny that any confusion over program goals or major conflicts between MBOC and the Department of General Services exists to diminish the effectiveness of the program.

Programs or initiatives in FY 1983 to correct problems include:

1. Investigation and on-site inspections of all applicants for certification, re-certification, and suspected "fronts" or frauds.

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[1] Section 2(a), D. C. Law 1-95, amended by D.C. Law 3-91.

2. Implementation of new standard operating procedures in processing, reviewing, analyzing, investigating, certifying or revoking the certification of minority business enterprises.

3. Use of the minority contracting management information system to monitor, evaluate and increase the effectiveness of minority contracting programs.

SENATOR D'AMATO:
12. What are the overall program goals for the MBOC and what standards can we and the City Administration look to in 1983 to measure the Commission's success?

MR. JAMESON:
12. The major program goal is to ensure compliance with D.C. Law 1-95, as amended, in order to promote local minority business and equal employment opportunity through the allocation of contracts. The criteria the MBOC has always measured its progress are the amount of contract dollars awarded to and earned by MBE's. As the following graph shows, the MBE contract dollars and MBE share of total contract dollars have shown steady growth since FY 1979:

	FY 1979	FY 1980	FY 1981	FY 1982	FY 1983
MBE Contract	$52.2M	$68.4M	$115.5M	-	-
Percentage	21%	33%	34%	35%*	37%*

*Projected

SENATOR D'AMATO:
13. What indicators will be useful in determining if the new certification review procedures are working as planned and how will they be communicated to City decision makers?

MR. JAMESON:
13. The effectiveness of any actions taken to prevent ineligible firms from participating in the program is difficult to measure, in that it is difficult to label an MBE as a "front" if MBOC denies certification. If the firm's certification is revoked by the Commission, the issue is not final until all appeals have been exhausted. Currently, several MBE's are in that particular process. We are confident that we shall prevail and that the courts will uphold the MBOC's actions.

SENATOR D'AMATO:
14. In the Commission's annual report is there a section which recommends areas for study or action to improve the Minority Contracting Program either through administrative or legislative change?

MR. JAMESON:
14. There is no section of the annual report which specifically identifies areas targeted for program improvement. We are assembling a number of recommendations for legislative changes.

SENATOR D'AMATO:
15. Have the problems in counting minority participation been cleared up - if not, when will they alleviate this problem?

MR. JAMESON:
15. The issue of how to count minority participation in sheltered market contracts has not been considered a problem since the D.C.

Law 3-91 required a minimum of 50% of the contract effort to be performed by the prime contractor, and if sub-contracted, at least 50% of the contract effort be performed by certified minority businesses (excluding the cost of goods, materials and supplies).

SENATOR D'AMATO:
16. Have the new provisions concerning minority firms acting as conduits had an impact on this activity? Please provide some quantitative data to support your answer.

MR. JAMESON:
16. The new provisions have certainly had an impact on the "pass-through" problem, though we have little quantitative data to support our professional assessments. We do know that the number of firms denied certification, administrative appeals and judicial reviews of adverse administrative decisions have taken a quantum leap.

SENATOR D'AMATO:
17. Since it is each contracting officers responsibility to insure compliance with this provision, please provide information on how this is done. Do they simply take the contractors word for it, who audits this. Isn't it more appropriately a job for the MBOC trained staff?

MR. JAMESON:
17. The Department of General Services is the agency which monitors most D. C. government contracts, and has the contracting authority. The Minority Business Opportunity Commission, while it has no direct contract authority, cooperates with the contracting officer to facilitate the monitoring of provisions of D. C. Law 1-95 as amended.

SENATOR D'AMATO:
18. Another area of concern is over what is considered "excessive" in terms of cost in evaluating the economic return to the community. How are these cases handled? What percentage of contracts were awarded where the successful bidder was 10%, 15% and 20% over open market conditions?

MR. JAMESON:
18. The regulations issued in December 22, 1979, to implement D.C. Law 1-95 as amended, specify in Sec. 203.9, "Any District agency asserting that any bid made by a certified contractor or contractors is excessive shall indicate the reasons for such assertion to the Commission in writing, including an analysis of such factors as wage determinations, overhead, man-hours required for performance, use of brokers, and other pertinent data." The Commission considers the available data in determining whether the minority firm's bid prices are excessive. A recent survey by MBOC of sheltered market construction contracts let by the Department of General Services in early FY 1981, revealed that the minority business enterprises' bid prices were consistently below the D.C. government's estimates. The cumulative MBE estimates were 6.4% below the government estimates.

DEPARTMENT OF FINANCE AND REVENUE

SENATOR D'AMATO:
1. The 1983 budget for the Department calls for an increase of 13 positions in the Tax Auditor function in Audit, Compliance and Investigations. In what areas will these positions be used?

MRS. SMITH:
1. Four auditor positions will be used in the inheritance tax area. Nine auditor positions will be used to raise the sales and use tax audit level from 2% to 3% and the corporate tax audit level from 3.8% to 7%.

SENATOR D'AMATO:
2. Last year you reduced the Audit, Compliance and Investigations area by 12 auditors. You told the Committee that this could be accomplished without loss of revenue if two pieces of legislation passed the Council. Did that occur and did this reduction cost the District any revenue?

MRS. SMITH:
2. The testimony last year referred to legislation that would conform the District individual income tax to the Federal income tax and the District inheritance tax to the Federal inheritance tax. The legislation conforming the income tax passed the Council on April 23, 1982 and is now in its Congressional layover period. The legislation conforming the inheritance tax was never enacted; therefore, the FY83 budget request includes the restoration of funds to properly administer the D.C. inheritance tax.

SENATOR D'AMATO:
3. In fiscal 1981, the District reported a $68.3 million surplus, of which $51.3 million was the result of revenues in excess of those anticipated. It appears that the Department of Finance and Revenue was able to accomplish this through enlightened enforcement techniques and simplified taxpayer reminders. Briefly describe those methods which lead to this occurrence.

MRS. SMITH:
3. The $51.3 million variance between actual collections and budget estimates for FY81 was due primarily to economic factors such as unprecedented interest rates and higher than expected private sector salaries. Significant, also, were management improvements and aggressive audit and compliance programs. Some of the new techniques employed included:

(1) Greater use of combined audits for all business tax types. This results in more overall audit coverage since each business visited is subject to review of all tax liabilities rather than the previous limited reviews.

(2) A booklet payment system through local banks for sales tax and employer withholding taxes. The booklet is a complete self-contained system for assessing, paying and mailing tax returns. This easy payment process encourages compliance and cuts down delinquencies.

(3) Greater use of Federal tax information. The department purchases additional tax information on D.C. businesses and indi-

vidual taxpayers for use in audit and compliance.

(4) More telephone and personal contact in collecting delinquent taxes. We essentially created a "commercial type" collection agency using telephone and routinized notices for taxpayer contact, including off-hours contacts.

(5) Combined registration for all business with one centralized package. All liabilities are assessed at one time, reducing confusion over what taxes are to be paid.

(6) Refinement of a routine notice mailing system. Rigid time constraints are established on issuing notices before referral to more overt collection.

(7) More publicity in the media concerning the obligations of taxpayers. Examples are improved coverage of criminal convictions for tax evasion and changes in laws and regulations.

(8) Providing business lien records to commercial credit organizations. This encourages improved payments to avoid notice of tax liens being given to potential creditors and investors.

SENATOR D'AMATO:

4. The Department has been criticized for missing the estimated revenue by so much, however, it appears that the variance from the original estimate of revenues from local sources was less than 5%. Please describe how revenues are estimated, how this compares with the methodology used in other localities and states? Also, when did you realize that the revenues would be at such a level?

MRS. SMITH:

4. In making revenue estimates, one first estimates the future performance of the D.C., regional and national economies. These economic assumptions are then fitted into each particular D.C. tax estimate. The Department of Finance and Revenue uses several different methods for estimating revenues from District tax sources. For example, the largest District tax source is the individual income tax. Some of the many economic factors which are important and considered in the estimation of the individual income tax revenues include personal income, D.C. adjusted gross income, District taxable income, the effective District tax rate, wages and salary increases in the public and private sectors, employment levels for District residents, interest rates, and non-wage income sources.

We refer to one of the methods used to estimate the individual income tax as the "taxable income method". The starting point for this procedure is estimating taxable income to be reported on tax returns for the calendar years corresponding to the fiscal year for which we are developing an estimate. The next important step in this process is to estimate an effective tax rate. With a progressive tax rate, one must estimate various income levels. This estimate is based on historical trends and estimates of the future change in the taxable income distribution. The estimated income tax liability before credits is then computed. Various tax credits are then estimated, along with income tax refunds.

A second method of estimating the individual income tax involves the use of regression analysis to estimate the separate components of the tax payments. The components of the individual income tax payments are withholding, declaration payments, payments with returns, fiduciary payments and refunds. Regression analysis involves estimating each of these components based on trends of those economic variables deemed to be closely related to each of the payment components of the individual income tax. For example, in estimating withholding collections, variables such as per capita District income, and resident wages and salaries are used. The same type of procedure is used for each of the other individual income tax components noted above. This method is used in conjunction with other estimating methods.

Both the above methods are used by the Department to complement the judgment of the Economic and Tax Policy Office staff. Each of the economists in this office estimates the major District taxes using his or her own methods including those outlined above. These estimates are made independent of each other and a consensus is reached on the major revenue sources after much discussion and comparison of individual estimates.

A second major tax source, the sales and use tax, is estimated based on the anticipated tax revenues from each of the different tax rates. The District has five different sales tax rates for various types of retail sales. The estimating procedures for this source are based on analysis of the major business classes in the District. For example, an analysis of taxable sales in such classes as hotels and motels (10% rate), restaurants (8% rate), department stores (6% rate), parking lots (12% rate), and several others, would be done for the sales tax. In addition, an overall analysis of taxable sales and the effective sales tax rate is made. This result is compared to the result in the method noted above. Estimates for economic variables such as spending rates, savings rates and personal income is important to making the sales tax estimates.

The remaining tax revenue sources are estimated on the basis of consumption (liquor, cigarettes, motor vehicle excise, gasoline), general District economic activity (franchise tax, insurance tax, deed recordation and transfer taxes) and, for real and personal property, on the basis of property valuation estimates. Licenses and fees, charges for services, etc., are estimated by the agencies most familiar with them and are normally based on historic performance modified by future expectations.

Because the District of Columbia has a tax system very similar to that of most states, the methods of estimating taxes are very similar to those used in most states. In fact, there is substantial communication between the District and surrounding states concerning revenue performance, impact of economic changes, and the impact of Federal tax law changes.

The current FY83 revenue estimates were made in 1981. The Department constantly monitors the District's revenue performance to try to determine the direction of the District economy and to give early warning, should revenues begin to vary significantly from estimates.

With respect to the 1981 estimates, we increased the tax estimates by $29.0 million in July of 1981 when tax collections indicated unexpected strength. The auditors used the budget estimates which indicated the $51.3 million variance, rather than the revised estimates which had been increased as indicated above.

BOARD OF APPEALS AND REVIEW
BOARD OF EQUALIZATION AND REVIEW

SENATOR D'AMATO
1. You have requested 4 positions and $148,000, a reduction of $2,400. The reduced amount of $2,400, is being redirected to the Board of Equalization and Review because you are expecting an increase in workload. Where will the positions be utilized?

MR. OLDHAM
1. The $2,400 is not being redirected out of the $148,00 for personnel services but rather out of supplies and other services. The redirection of the $2,400 is to be used to supplement Board of Equalization and Review member fees. The 4 positions are the permanent appropiated staff of the Board of Appeals and Review.

SENATOR D'AMATO
2. Do the Board of Appeals and Review and the Board of Equalization and Review share the same staff?

MR. OLDHAM
2. Yes, the 4 permanent appropiated positions serve both Boards.

SENATOR D'AMATO
3. Are you budgeted differently?

MR. OLDHAM
3. The two Boards are budgeted jointly. There is however a separate financial management control center for member fees for the Board of Equalization and Review.

SENATOR D'AMATO
4. What is your present rates of turn around for the appeals cases?

MR. OLDHAM
4. Appeals cases of the Board of Appeals and Review have an average turn around rate of 30 days. All property tax assessment appeals must be heard and decided between the final date of April 15, and the last working day in May. Other such appeals that are legally filed by September 30, must be heard by October 15.

SENATOR D'AMATO
5. Will you be able to solve all of the appeals filed within the same year the appeal is filed?

MR. OLDHAM
5. Yes. Appeals filed with the Boards will be solve within a twelve month period.

OFFICE OF CONSUMER PROTECTION

SENATOR D'AMATO:
1. How does the consumer go about making complaints to your agency?

DR. SIMMONS:
1. A Consumer may make a complaint to the Office of Consumer Protection by writing to the office or coming to the office in person.

SENATOR D'AMATO:
2. How does your office determine if these are legitimate complaints.

DR. SIMMONS:
2. The Office of Consumer Protection determines the legitimacy of the complaint by reviewing the consumers specific problem, verifying the attached or revelant documentation, screening the complaint for jurisdiction and confirming all allegations made by both the consumer and the respondent.

SENATOR D'AMATO:
3. About how many complaints does your office receive from consumers during the course of a day?

DR. SIMMONS:
3. This office receives approximately 15 consumer complaints per day from consumers.

SENATOR D'AMATO:
4. With the recent cuts in the federal budget, how will it affect your agency?

DR. SIMMONS:
4. The recent cuts in the federal budget, has imposed a substantial reduction in manpower, occasioned by the loss of Ceta funds under Titles II and VI, that has had an adverse impact on the overall agency.

SENATOR D'AMATO:
5. Do you presently have adequate staff to handle this type of case work?

DR. SIMMONS:
5. We do not have adequate staff to handle this type of case work, however we have re-organized our priorities and are doing more with less.

SENATOR D'AMATO:
6. What is the average turn around time for your office to respond to the consumer complaints?

DR. SIMMONS:
6. The average turn around time for this office to respond to complaints is two weeks.

SENATOR D'AMATO:
7. What percentage of these problems would you estimate that your office solve within a year?

DR. SIMMONS:
7. We estimate that we resolve eight-five percent of the problems we receive per year.

RENTAL ACCOMMODATONS OFFICE

SENATOR D'AMATO:

1. In fiscal 1983 the Rental Housing Commission is being consolidated within the Rental Accommodations Office. What is the justification for this move, will it result in any cost savings or position reductions?

MRS. KENNISON:

1. Section 205(f) of the Rental Housing Act of 1980 provides that the Rent Administrator shall assist and provide staff support to the Rental Housing Commission. In FY 1983, the Rental Housing Commission (RHC) is not being administratively or physically consolidated within the Rental Accommodations Office (RAO). We have requested only that the separate Control Centers of the Rental Housing Commission and the Rental Accommodations Office be consolidated for budgetary purposes. The Rental Accommodations Office administers the Rental Housing Act of 1980 according to rules and procedures established by the Rental Housing Commission. The Rental Housing Commission promulgates rules and hears appeals from the decisions of the Rent Administrator. Since the enactment of rent control the budgets for the Rental Accommodations Office included funding for the Commission under a seperate Control Center.

The structure of the Rental Accommodations Office's budget under District procedures is characterized by the fact that spending is controlled on a gross obligation basis. All obligational authority, including that appropriated by Congress and that derived from grant, private, intra-District, and other non-District revenues, is combined and controlled in a single Rental Accommodations Office gross obligation budget.

The Rental Accommodations Office obligation and revenue budgets are structured to reflect the organization of both the Rental Accommodations Office and the Rental Housing Commission. The Rental Accommodations Office maintains its budget at the responsibility center level which corresponds to definite organizational units within the agency. For both the RAO and RHC, the RAO Administrative Officer is responsible for monitoring obligations and revenues. In FY 1982, the RAO responsibility center was grouped into two (2) control centers (RAO and RHC), the level of organization at which Congress reviewed the appropriation request.

Historically, the RHC Control Center budget has represented less than six percent (6%) of the entire RAO budget. In past years, the RHC Control Center was only allocated funds for the support staff of the Commission; (1) Attorney Advisor, (1) Para Legal Aide and (1) Secretary; totalling $62,100 out of a total budget of $1,800,000 for FY 82. The RHC Control Center budget does not include Other Than Personal Services (OTPS) since this object class is incorporated in the budget for the Rental Accommodations Office. In addition, the salaries for the Commissioners have in the past been and is presently included in RAO's Continuing Full Time line item.

We are consolidating both Control Centers in order to avoid considerable confusion in the allocation and accountability of funds. In addition, the Agency forsees not only monetary cost savings but time savings in the preparation of the budgets, maintenance of two separate control centers and reporting which is presently required for each control center. Cost efficiency will also be passed on to the Financial Management System (FMS), Office of Budget and Resource Development (OBRD), Office of the Controller, and the Payroll Division in that only one control center and one reporting system would need to be maintained, as opposed to the four (4) systems which are presently being maintained. RAO has not found, in past years of operating under two (2) control centers any advantage to the separation of the control centers. Thus, we feel that consolidation of RAO and RHC separate control centers into one (1) RAO control center will result in uniformity, less confusion and cost efficiency. There will be no position reductions in FY 1983 as a result of combining these separate control centers.

SENATOR D'AMATO:
2. The members of the Commission are full time. Who are they and how are they compensated? Do any hold other District positions.

MRS. KENNISON:
2. Section 202 of the Rental Housing Act of 1980 (D.C. Law 3-131) established the Rental Housing Commission (RHC) which is composed of two (2) attorneys and one (1) accountant, all of whom must be residents of the District of Columbia. The present members of the Commission are (1) Jacqueline J. Moore, Chairperson-Attorney, (2) David L. Marlin, Attorney, and (3) Charles N. Simpson, Accountant. Compensation for each member of the Commission is at the rate of Grade 14 of the District Schedule ($38,273). The members of the Commission are prohibited from holding other District positions.

SENATOR D'AMATO:
3. Please place into the record the program measures table on page BW-3 of your justifications. There appear to be rather substantial increases in these areas. How much of the case load in each division are the result of rent control?

MRS. KENNISON:
3. As requested, attached are the program measures table on page BW -3 of the Rental Accommodations Office Justification.

An increase is projected for some program measures because of the enactment of the Rental Housing Act of 1980 (D.C. Law 3-131), effective May 1, 1981, which continues the overall purposes of D.C. Law 2-54, the Rental Housing Act of 1977.

With enactment of the new Law, which mandates the provision of information to the public, telephone and written requests for information regarding the Act have substantially increased. Therefore, there is a projected FY 1983 increase in the number of seminars, briefings on rent control issues, client education pamphlets, and speeches. These projections are consistent with our efforts to enhance the public education and information program. Our mission also includes the development of a technical assistance program for landlord and tenant organizations aimed at increasing their knowledge of the Rental Housing Act and other relevant District laws. A benefit of this outreach effort has been a marked increase in the number of Seventy Percent Agreements and conciliations between landlords and tenants. Thus, the need for the more costly adjudicatory hearings on landlord and tenant petitions is eliminated.

Seventy Percent Agreements are negotiations between landlords and tenants who have mutual interests in negotiating rent increases in exchange for increased and improved services and facilities. This suggests improvements in relationships between landlords and tenants in the City and their new willingness to communicate. Thus, through conciliations and Seventy Percent Agreements, it is expected that fifteen percent (15%) of the petitions filed with the RAO can be disposed of during the informal process. An additional ten percent (10%) is expected to be disposed of due to the lack of legal sufficiency.

Conciliations are non-adversarial forums for mediating disputes between landlords and tenants involving rental problems. As a result of these successful conciliations, RAO has experienced a reduction in complaints (Tenant Petitions) filed by tenants, and a reduction in landlord requests for rent adjustments (Hardship petitions).

Therefore, the Public Education and Information Program is vital to reducing the number of petitions which would ordinarily be set for the more costly, formal, time-consuming hearing examinations and final decisions. The projected increase in the above mentioned educational and informational services is a result of this outreach effort. Thus, all of these efforts have resulted in a significant increase in telephone, written, and personal requests for assistance.

SENATOR D'AMATO:
4. How many rent control complaints or exceptions request were filed in 1981 and what is your estimate of 1982 and 1983? Please list tenant and landlord requests separately? If you have any actual 1982 figures through March please provide them as well.

MRS. KENNISON:
4. The following list is a breakdown of rent control complaints (Tenant Petitions, Eviction Actions and RAO compliance actions) or exception requests (Landlord Petitions and Voluntary Agreements) which were filed in FY 1981, estimated for FY 1982 and 1983, and actual FY 1982 figures through March 31, 1982:

Fiscal Year	Complaints	Exception Requests
1981 (Actual)	1913	819
1982 (Estimated)	1825	797
1983 (Estimated)	2050	822
1982 (Actual thru 3/31/82)	775	261

We anticipate an upward seasonal trend in tenant complaints, upon receiving notification that the landlord will take the 8.9 percent Annual Automatic Rent Increase effective May 1, 1982, and concurrently landlords filing petitions for rent increases as they are now eligible to file Hardship Petitions pursuant to Section 207(c) of the Act, nine months after the implementation of the previous years Automatic Rent Increase. During the last two quarters of FY 1982, the Hardship and Tenant Petitions filed with the Office are expected to increase dramatically as they reach their Rent Increase Anniversary Dates by about three fourth (3/4) of the D.C. Landlords.

SENATOR D'AMATO:
5. Last year you told the Committee that you had established a Conciliation Service for owners and tenants to help negotiate complaints instead of the more costly and time consuming hearing process. How has that worked? What percentage of the cases are handled through this process, and have the number of hearings decreased, if not, why?

MRS. KENNISON:
5. Since the establishment of the Conciliation Service in FY 1982, it has worked remarkably well, resulting in a measurable benefit in mediating tenant and landlord disputes instead of the costly and time consuming hearing process.

To ensure compliance with the statutory mandate of Section 503 of the Rental Housing Act of 1980 (D.C. Law 3-131) that the Rental Accommodations Office establish a Conciliation Service to provide a voluntary, non-adversarial forum for the resolution of disputes arising between landlords and tenants, a position of Rent Compliance Investigator has been temporarily realigned to perform conciliation functions until the requested Conciliator position is authorized and funded in the FY 1983 budget.

The position of Rent Conciliator is not presently classified. When the position of Rent Conciliator is authorized and funds appropriated, it will be classified in the District Service as Series 1899, Grade 9 as a permanent full time position. The conciliator position, mandated under the Rental Housing Act of 1980, D.C. Law 3-131, is the primary staff person responsible for mediating landlord and tenant disputes. Additionally, the conciliator will assist this process by serving as a catalyst when Seventy Percent Agreements are filed with the Office. This pertains to the legal provisions that seventy percent of the tenants must agree to rent increases in exchange for increases in services and to alleviate hardship situations. As this process is carried out informally, there is no need for a formal hearing.

In FY 1981, the Conciliation Service mediated 600 landlord tenant disputes, and approved 315 Seventy Percent Agreements. Presently, the Conciliation Service reviews 100 percent of all tenant complaints filed in an effort to resolve the dispute between the landlord and tenant without referring the matter for a hearing. Thus, through conciliations and Seventy Percent Agreements, it is expected that fifteen percent (15%) of the complaints filed with the Rental Accommodations Office can be disposed of during the informal process. An additional ten percent (10%) is expected to be disposed of due to the lack of legal sufficiency. During the first and second quarters of FY 82, ninety (90) petitions were conciliated and forty-six (46) Seventy Percent Agreements were approved by the Office.

Therefore, the conciliator position requested in our FY 1983 budget is vital to reducing the number of petitions which would ordinarily be set for the more costly, formal time-consuming hearing examinations and final decisions.

SENATOR D'AMATO:
6. How has the increased use of pre-audit review of petitions for rent adjustment worked?

MRS. KENNISON:
6. The RAO's increased use of pre-audit review of petitions for rent adjustment has worked very well and has resulted in the reduction of time expended by hearing examiners on this non-legal activity. This has had a multiplying effect on the number of cases subject to legal review and is quite cost effective. During FY 1981, pre-audit reviews were conducted on 819 landlord petitions and Seventy Percent Agreements. As of March 31, 1982, the Rental Accommodations Office has conducted pre-audit reviews of 261 landlord petitions and Seventy Percent Agreements.

SENATOR D'AMATO:
7. What is the normal amount of time a case requires from filing to judgement? Are any deadlines set in the legislation?

MRS. KENNISON
7. Based on the current full time staff, RAO's average time for processing landlord petitions is 225 days, approximately 2 1/2 times the legislative expectancy. Similarly, the average time for processing tenant petitions is 220 days or almost twice the 120 days allowed for these reviews.

Section 217 of the Rental Housing Act of 1980 provides that the Rent Administrator shall issue a decision and an order approving or denying each tenant petition within one hundred twenty (120) days and each landlord petition within ninety (90) days, after such petition is filed with the Rent Administrator. Such time may be extended by a written agreement between the landlord and tenant of the affected rental unit.

SENATOR D'AMATO:
8. Earlier this year the Connecticut Avenue Association complained to the City Council that cases before the RAO were going beyond the statutory time limit. If this is true, what is the magnitude and nature of the problem and what is being done to correct it?

MRS. KENNISON:
8. On March 12, 1982, the Mayor approved both a request made by the Rent Administrator and the Chairperson, Rental Housing Commission to hire temporary employees, and a request for other than personnel services to reduce the backlog of cases awaiting a decision. This backlog negatively impacted on landlords and tenants, and was in violation of the Rental Housing Act of 1980 (D.C. Law 3-131).

As of March 1, 1982, the Rental Accommodations Office reported a backlog of 310 cases awaiting a final decision, and the Rental Housing Commission reported a backlog of 234 cases pending a decision. To reduce the backlog to zero within a ninety day period, the Rent Administrator advised the Mayor that the Rental Accommodations Office needed $62,000 for additional hiring. Of this amount, the RAO had committed to absorb $30,000 within existing OTPS resources and the Mayor had agreed to provide $32,000 in additional resources. Also, the Chairperson, Rental Housing Commission advised that RHC needed a total of $42,658 of which $4,424 was needed for equipment costs, and $38,234 for temporary hiring.

Based on an analysis of the RAO budget, the combined request of $104,658 from the Rent Administrator and the Rental Housing Commission Chairperson was authorized to be absorbed within RAO's existing resources and the additional resources provided by the Mayor.

On April 9, 1982, the Rental Accommodations Office entered into a negotiated service contract with ten (10) attorneys to adjudicate new petitions filed with the Office, while RAO's five (5) full-time Hearing Examiners concentrated on the writing and completion of backlogged petitions. In addition, with funds allocated for additional hiring, the RAO employed nine (9) temporary staff persons for the period April 1, 1982 thru June 30, 1982 to assist in alleviating typing and filing problems associated with the backlog. The RHC employed seven (7) temporary personnel for the period May 1, 1982 thru September 30, 1982 to assist in the writing of Commission decisions and other administrative matters to eliminate its backlog.

As a result of these efforts to reduce the number of petitions exceeding the statutory limitations, the Rental Accommodations Office completed and released final decisions on 263 or 85 percent of the 310 petitions which exceeded the statutory limitations reported in March 1982.

As of April 30, 1982, the Rental Accommodations Office had 262 petitions on hand, 72 landlord hardship petitions, 161 tenant petitions, and 29 other pending petitions. Also, thirty-six (36) or 50 percent of the landlord petitions exceeded the ninety (90) day statutory limitation compared to 65 or 67 percent that exceeded the limit at the beginning of March. Further, 62 or 39 percent of tenant petitions currently on-hand exceeded the one hundred twenty (120) day statutory limitation compared to the 206 or 67 percent of tenant petitions that were beyond the statutory limitation in March.

The Rental Accommodations Office anticipates that it will have eliminated all of the backlogged petitions by July 1, 1982. The Rental Housing Commission anticipates it will eliminate its backlogged appellate decisions by September 30, 1982. We believe that the aforementioned assistance provided by the Mayor will insure that future petitions and appeals are adjudicated within the statutory time period.

SENATOR D'AMATO:

1. I would like to ask Ms. Kennison of the Rental Accommodations Office a question about Rent Control. There appears to be a shortage of rental housing, particularly for low to moderate income people, in the District. Yet many private apartment buildings have vacant units. What role has rent control played in this?

MRS. KENNISON:

1. The number of registered rental units is projected to decrease from 125,000 in FY 1982 to 120,000 in FY 1983 due to owner personal use and occupancy of rental units; the statutory requirement that only landlords with five (5) or more rental units register such units with the RAO, slowdown of rental construction, and the conversion of rental units to cooperatives and condominiums.

During the last several years, there has been a marked slowdown in rental construction of new rental housing thus lessening new rental housing opportunities. Accompanying the slowdown in new rental construction has been an enormous increase in the incidence of condominium conversions. Washington, D.C., has had the highest percentage of its rental inventory converted to condominiums during the last decade. Since 1977, the District of Columbia lost 6.9 percent of its rental stock to conversions causing sizeable net losses from the rental stock in the City.

Since the enactment of the Rental Housing Act of 1980 (D.C. Law 3-131), approximately 2,683 rental units were converted and registered as condominiums in FY 1981, and approximately 1,500 rental units are projected to be converted to condominiums during FY 1982. The Rental Accommodations Office projects that approximately 1,800 rental units will be converted and registered as condominiums during FY 1983. We believe that units lost to tenants through condominium purchases by previous occupants is a factor in determining that there will be a decrease in registered rental units during FY 1983. In addition to condominium conversions, rental units are also continuously removed from the rental inventory due to abandonment, redevelopment, or demolition. Furthermore, single-family detached houses, a particularly important rental housing resource for moderate-to middle-income families with children, continues to be converted from rental stock to owner occupancy.

In FY 1982, the Mayor determined that

(1) the number of new rental units made available for occupancy in the District of Columbia in the previous year was approximately 1,700; and that the number of units demolished, discontinued from housing use, converted to condominiums, cooperatives, or nonhousing use was in excess of 4,000;

(2) and that the number of new or substantially rehabilitated units subsidized under federal or local publicly-funded programs and made available for occupancy within the past year was approximately 1,400, which was substantially less than ten thousand (10,000) units;

(3) and finally, that the housing situation was fundamentally unchanged since the Council found that a continuing housing crisis existed in 1980.

Therefore, on the basis of these determinations, the Mayor declared that a continuing housing crisis exists in the District of Columbia. It is important to note that not all apartment buildings in the District of Columbia are regulated by the Rental Housing Act of 1980. The Act specifically exempts from rent control:

(1) Rental units in Federally-or District-owned housing accommodations with respect to which the mortgage or rent is Federally or District subsidized;

(2) Any rental units in any newly-constructed housing accommodation constructed after December 31, 1975;

(3) Any rental unit in any housing accommodation of four (4) or fewer units;

(4) Any housing accommodation which has been continuously vacant and not subject to a rental agreement since January 1, 1980;

(5) Any rental unit operated by a foreign government as a diplomatic residence;

(6) Housing accommodations for which a Building Improvement Plan has been executed under the Apartment Improvement Program of the D.C. Department of Housing and Community Development;

(7) Any rental unit in an establishment which has as its primary purpose the providing of diagnostic care and treatment of diseases,

(8) Any dormitory; and

(9) Any rental unit intended for use as a long term temporary housing by families with two (2) or more members with income below 50 percent of the District median income, upon approval by the Rent Administrator.

A 1980 Census count of year round housing units by occupancy status revealed a total of 276,792 units, in the District of Columbia with 253,143 occupied units year round. Of these units 125,000 or 45 percent are regulated by the RAO pursuant to the Rental Housing Act of 1980.

The percentage of all rental housing units within the District of Columbia which are vacant, habitable, and available for occupancy is less than five percent (5%) which is generally considered an indication of a serious shortage of rental housing units. The vacancy rate is substantially lower among units which can be afforded by lower income tenants as evidenced by serious over-crowding in private units and the waiting list for public housing in excess of 5,000 households.

SENATOR D'AMATO:
II. In Public Housing you have experienced a 55% incease in heating and electric over the last two years, private apartment owners have experience the same increase. What did you allow over that period of time?

MRS. KENNISON:
II. In FY 1981, the Rental Housing Act of 1977 (D.C. Law 2-54) was in effect through April 30. 1981.

Section 206(a) of D.C. Law 2-54 provided that no landlord of any regulated rental unit could charge or collect rent for such rental unit in excess of the amount computed by adding to the base rent not more than one (1) of the following percentages, whichever was applicable:

(1) two percent (2%), if the rent covered the cost of no fuel or utilities;

(2) seven percent (7%), if the rent covered the cost of heat and hot water;

(3) eight percent (8%), if the rent covered the cost of heat, hot water and general purpose electricity, but did not cover air-conditioning and other cooking fuel;

(4) nine percent (9%), if the rent covered the cost of heat, hot water, general purpose electricity, and other cooking fuel but did not cover air-conditioning; or

(5) ten percent (10%), if the rent covered the cost of heat, hot water, general purpose electricity, other cooking fuel and air-conditioning.

Also, Section 206(b) of D.C. Law 2-54 authorized the Rental Accommodations Commission to determine whether there would be an adjustment of general applicability in rent ceilings, and to determine the manner in which such adjustments were to be made and the percentage amount of the adjustment. However, the percentage amount could not exceed the rate of change in the Consumer Price Index in the proceeding twelve (12) months. The Commission authorized up to a 10.7 percent adjustment of general applicability for 1980.

Section 206(c) of D.C. Law 2-54 provided that at the election of the landlord, in lieu of an adjustment authorized by Section (a) and (b), the rent ceiling for an accommodation could be adjusted through a hardship petition which would allow such increases in rent as would generate no more than 8 percent rate of return on the landlord's equity.

The Rental Housing Act of 1980 (D.C. Law 3-131) became effective on May 1, 1981. Section 217(a) of the Act provides that a landlord, using the Annual Automatic Rent Increase method, can increase rents every twelve (12) months for an amount equal to the percent by which the Consumer Price Index (CPI) for the Washington Standard Metropolitan Statistical Area (SMSA) has increased during the previous calendar year, provided it does not exceed ten percent (10%). The Rental Accommodations Office permitted a landlord to implement the full 10 percent Annual Automatic Rent Increase in 1981. However, in 1982 a landlord is permitted to implement an 8.9 percent Annual Automatic Rent Increase which reflect the change in the CPI during the period January 1981 thru December 1981.

Section 217(b) of the Act provides that a landlord who elects not to take the automatic increase may, if he seeks to achieve a minimum guaranteed rate of return equal to ten percent (10%) of his equity, file a Hardship Petition Form with the RAO. After reviewing the petition and substantiating documentation, the Rent Administrator may authorize the landlord to implement a Section 217(b) increase. During FY 1982, increases under this provision have ranged from 12 to 300 percent. However, the average rent increase under this provision is 35 percent.

SENATOR D'AMATO:
III. What index are your rent increases tied to?

MRS. KENNISON:
III. Section 207(b) of the Rental Housing Act of 1980 provides that an adjustment of general applicability shall be equal to the change during the previous year, ending each December 31, in the Washington, D.C., Standard Metropolitan Statistical Area Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for all items during the preceding calendar year, provided that no adjustment of general applicability shall exceed ten percent (10%).

SENATOR D'AMATO:
IV. Do you think that reflects the operating cost increase of apartment owners?

MRS. KENNISON:
IV. Yes, we believe that both the Annual Automatic Increase method and the hardship petition method reflects the operating cost increases of apartment owners.

For calendar year 1981, the City-Wide Operating Cost Ratio (OCR), based on data reported by landlords was .695. This may be interpreted as meaning that for every dollar of revenue collected, 70 cents were spent on operating costs including real estate taxes and insurance. The remaining 30 cents covered debt service and gross profit.

The OCR of .70 for 1981 represents a 5 percent increase over the OCR of .66 computed for 1978; less than a 1 percent increase from the OCR of .693 presented in the 1979 Annual Report; and a 2 percent increase from the OCR of .68 presented in the 1980 Annual Report.
On the average, smaller units utilized at least 6¢ more per operating dollar for expenses than buildings containing larger units. Whether this is due to the fact that larger buildings can take advantage of certain "economies of scale," by being able to spread their costs over a larger base, whether it is due to differences in management, or other casual factors cannot be determined at this time. However, some general comparisons can be made in categories such as administrative expenses, maintenance and repairs, and utilities. These comparisons are shown in Table 2.4.2 of the Rental Accommodations Commission's 1980 Annual Report.

SENATOR D'AMATO:
V. Have you looked at this index versus others or recommended legislation to modify this procedure?

MRS. KENNISON:
V. During FY 1981, the Rental Accommodations Office assessed this index versus others and recommended legislation to modify this procedure.

Under Subsection 206(b) of the Rental Housing Act of 1977 the Rental Accommodations Commission was to determine at the time it made its annual report to the Council of the District of Columbia, whether there should be an adjustment of general applicability in the current rent ceilings, and if the Commission determined that rent adjustments were warranted, it should determine the manner in which the adjustments were to be implemented and the percentage amount of the adjustments, subject to the limitation that the percentage amount of the adjustment may not exceed the rate of change in the Consumer Price Index (CPI) during the twelve preceding months. Because the act provided that the Commission's annual report should be based on the fiscal year utilized by the District Government, the Commission used the rate of change in the CPI during the fiscal year to determine the limit on the amount of the rent adjustment.

Section 202(d) specified that the Commission was to make that determination on the basis, in part, on testimony of both tenants and landlords received at public hearings. In addition, the Commission, under the Act, was to consider the city-wide operating cost ratio (computed as the ratio between total operating expenses and total income, referred to as the OCR) in making the determination. This subsection required the Commission to include its determination of the automatic increase in its annal report.

After considering oral testimony and written evidence and after a series of committee and full-commission meetings, the former Rental Accommodations Commission determined that an adjustment of general applicability (automatic increase) was warranted for 1981. The Commision determined that the automatic increase should consist of two elements: an adjustment for (1) changes in operating costs brought about by inflation, and (2) an adjustment to halt eroding cash flow. The portion of the 1981 increase relating to changes in operating costs was linked directly to the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the Washington Standard Metropolitan Statistical Area. The cash flow adjustment had been established at an additional one percent (1%) of the permissible annual rent increase. With the exception of hardship petitions, the maximum rent increase for 1981 for any building was limited to ten percent (10%) pursuant to Section 207(b) of the Rental Housing Act of 1980.

The Commission's rationale for the one percent (1%) cash flow adjustment was that:

(1) The investment and management decisions of a property owner are directly related to his or her perceptions of the quality and worth of the investment itself. While these perceptions are loosely defined and extremely subjective, they are critical in both long-term investment or reinvestment decisions and day-to-day operating decisions.

(2) The percentage of the gross income remaining after expenses and debt service is one of the factors considered by landlords in the evaluation of their investments. During the last two years, great emphasis has been placed on calculating the authorized automatic rent increases which cover the increase in prices brought about by inflation. By using the Sternlieb methodology, the Commission, during the last three years, has attempted to calculate the impact of inflation on a building-by-building basis.

(3) The use of a formula which only allows rent increases which cover inflation in the prices of operating expense components, has resulted in holding the dollar amounts for debt service and cash flow constant. The impact of this is a growing percentage of gross income attributed to operating expenses, and conversely, a diminishing percentage of income attributed to cash flow.

The automatic increase for 1981 was calculated according to the following formula:

The 1981 Rent Increase equals the Building Operating Cost Ratio (Building OCR) multiplied by the 1980 increase in the Consumer Price Index (12.2%) plus the one percent (1%) Cash Flow Adjustment.

In practice, each landlord was required to file a Certificate of Calculation showing how the building Operating Cost Ratio (building OCR) was derived. Accompanying the Certificate of Calculation Form was a Table of Entitlements, on the basis of which the rent increase for 1981 was to be determined.

During FY 1981, the Council amended the Rental Housing Act to reflect RAO recommended modifications to the procedure. Effective May 1, 1981, the adjustment of general applicability (Automatic Increase) method was authorized as an election for the landlord in lieu of a hardship petition to achieve a minimum guaranteed rate of return equal to ten percent (10%) of the landlord's equity. A landlord using the Annual Automatic Rent Increase method can increase rents every twelve (12) months for an amount equal to the percent by which the Consumer Price Index (CPI) for the Washington Standard Metropolitan Statistical Area (SMSA) has increased during the previous calendar year provided it does not exceed ten percent (10%). For 1981, the Annual Automatic Rent Increase was ten percent (10%). For 1982, the Annual Automatic Rent Increase is 8.9 percent. We believe that the index is a good method in determining the Annual Automatic Rent Increase and do not anticipate a modification of this procedure in FY 1983.

SENATOR D'AMATO:

VI. I'll ask this of whomever wants to answer - do you think that the District's semi-vacany decontrol law is helping to reduce the number of abandonments?

MRS. KENNISON:

VI. Yes, we believe that the District's semi-vacancy decontrol provided in the Rental Housing Act of 1980 is helping to reduce the number of abandonments. Under Section 214 of the Rental Housing Act of 1980, a landlord is permitted to implement a ten percent (10%) increase on each vacant rental unit once per year, or implement an increase on each vacant unit to that of a substantially idential unit in the housing accommodation as many times during the year the unit becomes vacant, provided an adjustment in rent is not implemented within 180 days subsequent to any other increase.

DISTRICT OF COLUMBIA GOVERNMENT ★ ★ ★ FY 83 AGENCY FINANCIAL, PROGRAM & REVENUE SUMMARY

FUND (Name & Code) GENERAL 100

AGENCY (Name & Code) RENTAL ACCOMMODATIONS OFFICE BW

FINANCIAL SUMMARY

The FY 1983 appropriated request is for $1,190,400 and 42 positions. This is an increase of $82,300 and 3 full-time positions above the FY 1982 budget and will allow the funding of three previously approved continuing full-time positions. The FY 1983 budget submission also reflects a consolidation of the two previous control centers into one. This change will aid the Rental Accommodations Office in increasing productivity and make it more fiscally efficient.

The Personal Services request is for $1,060,800 and 42 positions, an increase of $68,000 and 3 continuing full-time positions. The additional funding will allow RAO to add to its staff (1) Rent Conciliator, (1) Hearing Examiner and (1) secretary.

The Other Than Personal Services request is $129,600, an increase of $14,300. This increase will allow RAO to purchase a microfiche system which will enable the agency to microfilm the multitudinous amount of documents it must store and make readily available to the public. The public will be able to secure the documents in a more timely and orderly fashion.

PROGRAM IMPACT

With the addition of the Rent Conciliator position, it is anticipated that this position will resolve disputes between landlords and tenants in an informal manner, thereby reducing the number of petitions filed. Through the Conciliator, the public will receive meaningful, timely and direct assistance.

Based on past experience, the Rental Accommodations Office has witnessed a steady increase in petitions filed. There were over 1,000 petitions filed in FY 1981 with an expected 1,200 in FY 1982. A normal caseload for a hearing examiner is approximately 192 cases per year. RAO presently has only six examiners which periodically creates a backlog of petitions to be heard. With an additional hearing examiner RAO will be in a position to ensure prompt and speedy processing of issues presented by its clients.

The addition of a secretary to the Deputy Rent Administrator will improve the planning and managerial functions of the office. Presently, the office of the Rent Administrator has one staff assistant whose duties are specifically to serve the Rent Administrator.

RAO processes over 600,000 documents each year which creates a voluminous amount of paper to be filed and stored. Consequently, a microfiche system (microfilm recordation) will increase the efficiency and productivity of the office staff and save time for the clients served.

PROGRAM GOALS

The goal of the Rental Accommodations Office is to administer the Rental Housing Act of 1980 in a manner that provides prompt and fair relief to those involved in difficulties pertaining to rental accommodations in the District. This is achieved through formal and informal hearings, community education, administrative rulings and enforcement procedures.

PROGRAM OBJECTIVES

A. To serve as an educational agency for the broad community on rental accommodation matters.

B. To serve as a conciliating agency in disputes between landlords and tenants.

C. To issue administrative and legal rulings for enforcement of the District's Rental Housing Act.

PROGRAM MEASURES	FY 1981 ESTIMATE	FY 1982 PLANNED	FY 1983 PROJECTED
Rent Administrator's Office			
A1 Seminars	25	42	75
A2 Mayoral, City Council and Congressional Briefings on Rent Control Issues	25	35	50
A3 Client Education and Information Pamphlets and Newsletters	50,000	150,000	175,000
A4 Speeches	50	100	150
A5 Intra-governmental Activity	25	75	100
Client Services Division			
B1 Tenant Petitions Filed	1,000	1,200	1,200
B2 Landlord Petitions Filed	500	550	575
A6 Client Assistance			
Telephone Requests	33,000	36,000	50,000
Walk-ins	15,000	15,500	16,000
C1 Registration of Rental Units	115,000	125,000	120,000
Adjudication Division			
C2 Decisions Rendered	1,100	1,200	1,350
Petitions Conciliated & Eliminated at Review	1,200	1,500	2,000
C3 Restraining Orders Issued	400	425	500
C4 Follow-up Compliance of RAO/RHC Orders	150	200	350
Rental Housing Commission			
C5 Decisions Rendered	210	300	550
C6 Responses to Motions to Stay	140	160	200
A7 Client Assistance			
Walk-ins	1,750	1,900	1,500
Telephone	10,400	10,700	10,5[illegible]

REVENUE SUMMARY

The Rental Accommodations Office primary source of revenue is from the collection of rental registration fees. RAO expects to generate approximately $700,000 in FY 1983 from the collection of such fees.

DEPARTMENT OF LICENSES, INVESTIGATIONS AND INSPECTIONS

SENATOR D'AMATO:
1. The automation of licensing and the issuance of multi-year licenses were to be completed by the end of fiscal year '81. Was that completion date right on target?

MS. THOMPSON:
1. The automation of licensing and the issuance of mult-year licenses for the twenty-one (21) occupational and professional licensure categories were completed by the target day which was the end of fiscal year '81.

SENATOR D'AMATO:
2. The additional funds that you are requesting are to be used to fund temporary employees to strengthen the staffing in critical areas. What are these critical areas and how many temporary employees are you requesting? Will they be temporary full time or temporary part time?

MS. THOMPSON:
2. The critical areas for which the five temporary positions are being requested are:

(1) Management Information Systems Division - A Data Base Administrator is required to manage and control the data base to be developed as a part of the upgrading and expansion of automatic data processing within the Department. A Systems Analyst is needed to design, develop and implement the automation improvements.

(2) Budget and Accounting Division - A secretary is needed to provide administrative and clerical support. The Division does not have any clerical support staff.

(3) Office of Investigations and Enforcement, Pharmaceutical Control and Medical Devices Division - A Registration Specialist and a secretary are needed to meet the program's statutory requirements and conduct comprehensive inspections of establishments or individuals handling controlled substances and other pharmaceutical products.

The employees will be temporary full time.

SENATOR D'AMATO:
3. Are these temporary employees included in the 153 positions?

MS. THOMPSON:
3. No the temporary employees are not included in the 153 positions.

SENATOR D'AMATO:
4. Give a breakdown of how many temporary employees you have used each year from 1979 to present, stating salaries, benefits and how many hours worked per week.

MS. THOMPSON:
4. The information on temporary employees is stated below.

1979

No. of Employees	Salaries		Hours Worked Per Week
2 Clerks	GS-4,	$ 9,391	40
6 Clerks	GS-3	$ 8,366	40
1 Investigator	GS-7	$13,014	40
2 Investigators	GS-9	$15,920	40
1 Special Asst.	GS-11	$20,611	40
Summer Employees (1979)			
1 Clerk	DS-1	$ 6,516	40
1 Clerk	DS-3	$ 8,366	40
4 Clerk	DS-4	$ 9,391	40
5 Clerk	DS-5	$10,507	40
1 Intern	DS-7	$13,014	40

1980 and 1981 - No temporary employees

1982

1 Budget Asst.	DS-6	$16,120	40
1 Clerk	DS-3	$ 9,399	40
1 Special Asst.	DS-13	$32,384	40

SENATOR D'AMATO:
5. Do you presently have a backlog of work?

MS. THOMPSON:
5. The Department has a backlog of approximately 7 to 9,000 certificate of occupancy applications submitted over the last ten years. A certificate of occupancy certifies that a building or structure was met minimum life-safety code requirements prior to occupancy. As such it administratively requires the coordination of about four to six different inspections to complete the application process. Due to reductions in manpower, and the simultaneous increase in the demand for services, we are experiencing a significant build-up of the backlog by the rate of 150 applications per month. Approximately 5,000 certificate of occupancy applications are submitted annually.

To eliminate the backlog and to prevent future occurrences, the Department has designed a two-part plan of action, the certificate of occupancy backlog and Systems Improvement Project, which is scheduled for completion by mid August. One part of the project is designed to eliminate the backlog through reconciling the records relative to all pending applications and through a planned concentration of inspections to complete the processing of those applications found to be active. The other part of the project will undertake the tasks required to implement changes to the current processing procedures including a restructuring of the records maintenance system; redesigning the application processing requirements, and identify requirements for automated data support. The Department is confident that this project will result in better service delivery and avoidance of future backlogs.

DEPARTMENT OF INSURANCE

SENATOR D'AMATO:
1. Please give a breakdown of revenue secured for the City from licenses and fees, taxes and penalties for 1981-1982.

MR. MONTGOMERY 1.	FY 1981	FY 1982 To Date	FY 1982 Projection
Licenses and Fees	530,250	498,366	532,000
Taxes	14,725,371	5,003,727	15,200,000
Penalties	400	0	500
Total	15,256,021	5,502,093	15,732,500

SENATOR D'AMATO:
2. You have requested $1,000 as a travel allowance for the Superintendent of Insurance to participate in the National Association of Insurance Commissioners' meetings. Will this $1,000 cover travel for only one meeting or is it not required that he attend other meetings? If he does attend other meetings and his funds are exhausted what type of arrangements do you make for this type of situation.

MR. MONTGOMERY
2. There are four general meetings of the National Association of Insurance Commissioners. The $1,000 allowance for travel will not enable the Superintendent to attend more than one of the four general meetings. The department originally requested $3,000 which would have been sufficient for attendance at all general meetings, however, the City Council reduced the allowance to $1,000. After funds are exhausted there are no alternate means for attendance at the other meetings.

PUBLIC SERVICE COMMISSION

SENATOR D'AMATO:

1. What impact will the loss of the PURPA grant have on the Commission?

CHAIRPERSON HANKINS-NESBITT:

1. The loss of Department of Energy funds from the Public Utility Regulatory Policies Act (PURPA) will limit the amount of economic analysis and related information and assistance that the Commission staff can provide to its Commissioners. As a result of termination of this grant the Commission will lack funding to fully support the technical areas of cost benefit analysis, production cost and financial simulation model capability, marginal cost estimation, and

system planning criteria as they relate to PURPA issues such as time-of-day rates, load management, and conservation. Prior to FY 82 three economic staff positions were supported by this grant. As a result of PURPA's termination those Commission employees have been shifted to appropriated funds. These Federal funds formerly paid for the rental of a computer retrieval system. In FY 83 that expense of $15,000 will have to be absorbed by the appropriation. The appropriation will also have to cover the Economic Office's supplies and materials, communication costs, and equipment and equipment rental expenses, all of which were previously supported by Federal funds.

SENATOR D'AMATO:

2. You have stated in your narrative page DH-3, that the investigator position has not been filled in the past fiscal years because of budgetary considerations and that due to this, you have only been able to bring one proceeding to closure. Why is it that this position has been eliminated if you cannot really take care of the proceedings without it?

CHAIRPERSON HANKINS-NESBITT:

2. The position was eliminated due to budgetary constraints which had to take place somewhere in the Agency. Inasmuch as the Securities Office is the only office that directly receives its funding through appropriated funds, it was this office that the budget cut fell upon. All the other offices are under the Reimbursement Fee Act (D.C. Law 3-88). Eliminating a position from the budget that is reimbursed by the utility companies would reduce revenue by a corresponding amount.

While we still handle investigations they now have to be done by the Director and the Deputy Director in addition to their normal work load. As a result, the initial investigations are not as thorough as a full time investigator would perform. Where an initial inspection provides reason for further investigation of a firm, the Director or Deputy Director are following up. The administrative proceeding that closed resulted in an order against the firm and a thirty day suspension of a salesman's license to sell securities to District of Columbia residents.

SENATOR D'AMATO:

3. What is your backlog with this Commission?

CHAIRPERSON HANKINS-NESBITT:

3. I assume you are speaking in regard to cases involving the Office of Securities. There are six inspections in progress at this time.

SENATOR D'AMATO:

4. If you have a backlog, will it ever be brought up to date without this investigator position?

CHAIRPERSON HANKINS-NESBITT:

4. No.

SENATOR D'AMATO:

5. Do you not have more than one investigator?

CHAIRPERSON HANKINS-NESBITT:

5. No, unfortunately there has only been one investigator position authorized. As mentioned earlier, the Director and the Deputy Director currently perform inspections and investigations.

SENATOR D'AMATO:

6. What is the total amount of revenue generated through this agency? Give a breakdown by companies and years from 1980 to present.

CHAIRPERSON HANKINS-NESBITT:

6. In fiscal year 1980 the Public Service Commission generated allocable revenue from several sources. The District appropriation was $827,600. Federal funds came from two sources. One of which was the $45,000 Pipeline Safety Program which is reimbursable on a 50/50 basis from the U.S. Department of Transportation and Washington Gas Light Company (WGL). The other was the Department of Energy's Public Utility Regulatory Policies Grant (PURPA) of $190,600. Three District of Columbia utility companies, Potomac Electric Power Company (PEPCO), The Chesapeake and Potomac Telephone Company (C&P), and WGL each equally paid into a fund of $110,000 supporting a staff of 5 auditors for the purpose of conducting utility audits and investigations.

In fiscal year 1981, the Commission's appropriated budget was $927,200. Beginning in that fiscal year, pursuant to the Public Utilities Reimbursement Fee Act (D.C. Law 3-88) of 1980, utility companies reimbursed the appropriated costs associated with utility regulation. Total reimbursable revenue generated in FY 1981 was $710,000 of which $378,288 was from PEPCO, $219,248 from C&P Telephone, $112,038 from WGL, and $426 from Western Union. The Pipeline Safety Program ($64,000) and PURPA grant ($182,700) continued in FY 82. The Pipeline Safety Program was again reimbursable on a 50/50 basis from the Department of Transportation and Washington Gas Light Company. The auditor assessment ($127,000) was again received in equal portions from the utility companies to support the 5 auditors who conduct audits and investigations.

Allocable revenue in FY 82 consists of a District of Columbia appropriation of $1,728,500. In FY 1982 reimbursable revenue generated from utility companies will approximate $1,559,900 of which PEPCO is assessed $837,198, C&P Telephone $443,324, WGL $278,442, and Western Union $936. The costs associated with supporting the staff of 5 auditors, which in FY 81 was $127,000, has been transferred to the reimbursable portion of the appropriation and is therefore included in the $1,559,900 revenue estimate. The Pipeline Safety Program will continue with a total budget of $80,000, of which $40,000 comes from WGL. The major utility companies will also pay the Other Than Personal Service costs associated with conducting audits and investigations and copying machine rental. These two areas generate $30,000 of revenue resulting in an assessment of $10,000 per utility company.

OFFICE OF THE PEOPLE'S COUNSEL

SENATOR D'AMATO:
1. Explain what procedures this counsel uses in representing the consumers of the District of Columbia.

MR. LEDERER:
1. The Office of the People's Counsel, a District of Columbia Government agency, was created by Public Law 93-614 in January 1975. By virtue of 43 D.C. Code, Section 406 (1981 ed.), the People's Counsel is the attorney who represents consumers of the gas, telephone, electric and taxi service in the District of Columbia. In that regard, the Office represents and appears on behalf of petitioners appearing before the Public Service Commission for the purpose of complaining in matters of rates or services.

In 1979, the Public Service Commission adopted a set of uniform rules and regulations governing the standards of conduct and billing practices of the utility companies in providing residential utility service. This document, which prescribes the relationship between the utility and its ratepayer, is called the Utility Consumer Bill of Rights. The Utility Consumer Bill of Rights encourages the informal resolution of complaints against the utility company. In this regard, OPC has devised a mechanism for the swift and effective resolution of consumer complaints. The mechanism consists of the following steps: 1) receipt and evaluation of complaint; 2) notice to company involved; 3) investigation and fact-finding; 4) mediation; 5) remedy; and 6) if mediation is unsuccessful or if ratepayer wishes further relief, the matter can be submitted to the Public Service Commission for formal resolution consistent with the Utility Consumer Bill of Rights and procedural Rules of the Public Service Commission.

SENATOR D'AMATO:
2. What type of positions make up this counsel?

MR. LEDERER:
2. The Office currently has 8 people on staff. The People's Counsel and Deputy People's Counsel are attorneys, and are therefore responsible for the direction of office policy and litigation of rate cases; an Administrative Assistant and two secretaries who handle the operations of the Office; a Consumer Complaint Coordinator who provides assistance to individuals who have complaints regarding ser-

vice rendered by the utility companies, and two (2) Community Education Specialists who are responsible for public information dissemination and technical assistance to the ratepayers, as required by D.C. Code 43-406(d)(4).

SENATOR D'AMATO:
3. How long does it take to solve a consumer complaint once it has been filed with the People's Counsel?

MR. LEDERER:
3. Virtually all complaints or service problems are resolved within a month.

SENATOR D'AMATO:
4. How many cases do you have pending?

MR. LEDERER:
4. At present, there are no complaint cases pending in formal proceedings. In addition, in the last completed fiscal year, Fiscal Year '81, the Office processed approximately 656 complaints, virtually resolved within 30 days. There were approximately 2,000 general inquiries pertaining to rates and services. The Office has tried to structure the complaint process to enable consumers to resolve their own complaints through direct contact with the utilities by operating within the structure of the Commission-directed set of Rules and Regulations, called the Bill of Rights, in which the burden is on the utilities because they have the information. If that fails, the Office then mediates.

SENATOR D'AMATO:
5. Give a comparison from 1981 to the present time on the matter of cases you have had to take legal proceedings and what was the outcome?

MR. LEDERER:
5. As a result of the effective mechanism to handle consumer complaints, the Office has not been required to file formal petitions with the Public Service Commission in the time pending. This effectiveness at mediation included a complex problem concerning a major housing complex in D.C., McLean Gardens. For those Fiscal Year '81 complaints referred to above in answer to the previous question, it is estimated the OPC's handling of customer complaints has saved customers $13,100 in refunds.

SENATOR D'AMATO:
6. Using your historical data, do you think that this Counsel has really benefitted the people of this City?

MR. LEDERER:
6. The primary responsibility of the Office is to serve as the public counsel to represent the interests of utility ratepayers in the District of Columbia. Our clientele includes residential customers, businesses, institutions, government and public entities such as Metrorail. As a result, our primary activity is litigation on behalf of these interests in rate cases before the D.C. Public Service Commission and the D.C. Court of Appeals.

In evaluating the funding of an office such as the Office of the People's Counsel, one does need to ask whether it has been effective. There are two measures of this. One is the dollar results, the other is the public support. In evaluating the dollar result of decided cases by the Public Service Commission and the courts, one must recognize that the actual decisions are in fact made by the Public Service Commission and the courts. The Office function is to present the case so that a strong decision can be made on the public side. I believe a measure of the effectiveness of the Office is the bottom line of those dollar results. Reviewing cases decided by the Commission and the courts over the last four years, in which approximately $415 million in higher rates were requested, the courts and the Commission granted only $143 million, a savings of $278 million.

The level of public concern and support and evaluation of the effectiveness of the Office, I believe, is reflected in the broad support that has been expressed by the public for the Office. The Mayor and City Council can attest to public support for OPC. They have received written communication from the business community, labor organizations, the Baptist Ministers, and community-based organizations. They all had a common theme, that is, this Office has been efficient and effective in presenting the public's case before the Commission and the courts, and in seeing the economic interest of the city not only being taken seriously, but also becoming a decisive factor in utility regulation in the District.

Rate case litigation is complex and time-consuming with a case involving from 10 to 40 days of hearings. The current litigation calendar of the Office covers 24 cases as follows:

Before the Commission

F.C. 647: Gas company rate issue from Court of Appeals.
F.C. 712: Telephone, gas, electric - rules of litigation and the financial health of the companies.
F.C. 719: Taxi rate design.
F.C. 737: Electric company construction program and the propriety of building an oil unit in 1982.
F.C. 743: Gas and electric residential conservation program.
F.C. 758: Electric cost of service.
F.C. 759: Electric time-of-day rates.
F.C. 766: Electric fuel adjustment clause regulations.
F.C. 777: Telephone rate case.
F.C. 785: Electric rate case.
F.C. 788: Electric financing.

Before Court of Appeals

F.C. 685: Electric rate case.
F.C. 686: Gas rates.
F.C. 715: Electric rates.
F.C. 718: Regulatory authority.
F.C. 722: Gas rates.
F.C. 725: Electric fuel adjustment clause.
F.C. 733: Three-Mile Island.
F.C. 748: Electric rates.
F.C. 767: Electric financing.
F.C. 768: Gas rates.
F.C. 774: Regulatory authority.
F.C. 81-801: Regulatory authority.

COMMISSION ON LICENSURE TO PRACTICE THE HEALING ART

SENATOR D'AMATO:
1. Did you have the maximum staff capacity on payroll in 1981? Do you presently have 5 people?

MR. SARNELLA:
1. While the Commission had five authorized positions in 1981, the only position that was filled for the year was that of the Staff Director. It wasn't until November 1981 that the Commission was able to fill the other four positions. One Process Clerk position was filled November 1981, two Investigator positions in December 1981, and one Contact Representative position March 1982. All five of the Commissions authorized positions are currently filled.

SENATOR D'AMATO:
2. How many individuals do you have assigned to review new applications; review renewal applications and to investigate all complaints?

MR. SARNELLA:
2. At the present time, two employees, the Contact Representative and the Process Clerk, are assigned to review all new applications. It is also their responsibility to obtain the required documentation to support the application submitted by the practitioner of the healing art, which is to include, but not limited to verification of education, training, and employment.

The renewal process is still being performed by the employees of the Department of Licenses, Investigations and Inspections since the Commission has neither the staff nor the data processing equipment neededto perform this function.

The Commission's two investigators handle some of the complaints received by the Commission, others may be handled by the Commission members themselves, and some are forwarded to the Medical Society of the District of Columbia.

SENATOR D'AMATO:
3. When you receive a legitimate complaint, how long does it take the Commission to act on it?

MR. SARNELLA:
3. It has taken the Commission from three to six months to act on a complaint due to its staff limitations. However, now that the Commission has two investigators, it is anticipated that the time response time of the Commission should be from one to three months.

SENATOR D'AMATO:
4. How many cases have you followed up as far as revoking licenses and then reinstating them.

MR. SARNELLA:
4. Since 1977 the Commission has revoked nine licenses and has

reinstated two - one in October 1981 and the other in March 1982. However, the Commission in each case did not issue full and unrestricted licenses but issued a "limited" license prohibiting the licensees from filing with the Drug Enforcement Administration of the United States Department of Justice, and the Pharmaceutical Control and Medical Devices Division of the Department of Licenses, Investigations and Inspections for a license and/or registration number to dispense controlled substances.

SENATOR D'AMATO:
5. What is the present status of your backlog? Has it been eliminated?

MR. SARNELLA:
5. Although a number of complaints have been sent to the Medical Society of the District of Columbia, the Commission still has a backlog of nineteen complaints. Several hearings will be scheduled within the next few months. It will take four to six months to eliminate the backlog.

SUBCOMMITTEE RECESS

Senator D'AMATO. The subcommittee stands in recess.

[Whereupon, at 11:33 a.m., Friday, May 14, the subcommittee was recessed, to reconvene at the call of the Chair.]

DISTRICT OF COLUMBIA APPROPRIATIONS FOR FISCAL YEAR 1983

WEDNESDAY, JUNE 16, 1982

U.S. Senate,
Subcommittee of the Committee on Appropriations,
Washington, D.C.

The subcommittee met at 10 a.m. in room 1224, Everett McKinley Dirksen Senate Office Building, Hon. Alfonse M. D'Amato (chairman) presiding.

Present: Senator D'Amato.

DISTRICT OF COLUMBIA

Courts

STATEMENTS OF:

THEODORE R. NEWMAN, CHIEF JUDGE, COURT OF APPEALS
H. CARL MOULTRIE, CHIEF JUDGE, SUPERIOR COURT
LARRY POLANSKY, EXECUTIVE OFFICER, D.C. COURT SYSTEM

SUBCOMMITTEE PROCEDURE

Senator D'Amato. Good morning. Our first witnesses today will be the Honorable Theodore Newman, chief judge of the court of appeals, the Honorable Carl Moultrie, chief judge of the superior court, and Mr. Larry Polansky, executive officer of the court system.

Let me welcome you. It's a pleasure to have a distinguished panel before this committee and in order not to detain you from your other duties any longer than is necessary, why don't we proceed and, Judge Newman, Judge Moultrie, and Mr. Polansky, why don't you proceed.

I will say that any written statement that you have will be included into the record, and you might want to summarize your remarks.

Statement of Judge Newman

Judge Newman. Good morning, Mr. Chairman.

Senator D'Amato. Good morning, Judge.

Judge Newman. It's a pleasure to appear here today to speak on behalf of the budget of the District of Columbia Court of Appeals. This year, for fiscal 1983, we are pleased that the District government has recommended our budget in full, as we had requested it.

That budget is $2,825,500 which will reflect an increase of approximately 6 percent and one position over the fiscal year 1982 budget.

These requests are solely in the personal services area and represent that which is absolutely necessary to maintain the current level of operations during fiscal year 1983.

The major problem we are facing in the Court of Appeals is the increased filings resulting in an increase in our backlog. Among the efforts that we are making to cope with this increased backlog is the utilization of retired judges. At present we have four retired judges who are working virtually full time. They are served at present by one secretary. The sole personnel addition we are requesting is for a second secretary to service the retired judges.

The remaining amount of the increase represents the District's projected 5-percent pay adjustment, an allowance for terminal leave, and within-grade advancement. We believe that these funds are absolutely necessary and are a conservative estimate of what is necessary to enable us to operate in fiscal year 1983 at the level we have operated in 1982.

Mr. Chairman, I am available for any questions.

[The statement follows:]

STATEMENT OF THEODORE R. NEWMAN, JR., CHIEF JUDGE, DISTRICT OF COLUMBIA COURT OF APPEALS

Mr. Chairman and members of the District of Columbia Subcommittee of the Senate Appropriations Committee, it is my privilege to speak to you today on the budget of the District of Columbia Court of Appeals.

The Court of Appeals is requesting a fiscal year 1983 appropriated budget of $2,825,500, which reflects an increase of $163,900 (6 percent), and one position, over the fiscal year 1982 budget or $2,661,600. It should be noted that the Court of Appeals is requesting increases solely in personal services, and then, only where absolutely necessary to maintain the current level of operation for fiscal year 1983. It should be further noted that the Mayor and the District Council have recommended funding of this budget at the level requested by the court.

Available statistical data indicates that the workload on the Court of Appeals is on the rise and, as a corollary, an increase in time on appeal has been experienced. The court continues to employ various methods of expediting certain cases, including the early screening of appeals, preargument settlement procedures, and the summary calendar. Utilization of retired judges has been successful in relieving the workload of the active judges, but the retired judges are not adequately supported. Presently, there are four retired judges and there will likely be at least that number in fiscal year 1983. Accordingly, the Court of Appeals is requesting the addition of a second CS-9 secretary—$21,700—to support their efforts.

The remaining amount of increase requested represents the District's projected 5-percent pay adjustment--$115,600—terminal leave payments—$14,000—and within-grade ad- vancements—$12,600.

We believe our overall request to be most reasonable and strictly in keeping with our priorities and the needs of the District. On behalf of the Court of Appeals, I would ask that the committee give favorable consideration to our very conservative fiscal year 1983 request.

STATEMENT OF JUDGE MOULTRIE

Senator D'Amato; Thank you very much, Judge.

Judge Moultrie?

Judge MOULTRIE. Good morning, Mr. Chairman. I am always pleased to come before this group and to present to you the needs for the Superior Court. Fortunately, we are not too much at odds with the District's recommendations to this committee.

Senator D'AMATO. That's a pleasant change.

Judge MOULTRIE. It is. Well, we are very happy about that. There is, however, something like $800,000 that we are asking for that the District is not recommending.

May I briefly state that one of the differences is that the District is not recommending our reallocation request. Mr. Chairman, it is necessary for the Superior Court to attempt to attract people of quality. In order to do that we must keep pace with the other pay scales in the District.

The District differs with our additional personnel request by some $225,000. We have asked for 24 new positions. The District has recommended 18. Other than that there are no major differences.

One other thing I would like to say is that I join Chief Judge Newman in the statement that the major problem is an increased workload. The history of the number of judges authorized for the Superior Court is that 50 were recommended but that there was a compromise and only 44 judges were assigned—10 years ago. It is no secret that the crime rate has certainly taken a turn for the worse. It is necessary that we have more judges and, also, use our retired judges. May I hasten to add that in using retired judges we save money.

The difference in the pay is that retired judges, when they sit, merely receive the daily difference between an active judge's full-time pay and their own retirement pay. Some retired judges now sit for less than $1 a day.

However, they must have supporting staff. We have asked for supporting staff: secretaries and law clerks for the retired judges. On the other hand, it is different in the Federal court, for a senior judge there maintains his/her entire staff. There are law clerks and secretaries for each of their retired judges. The Superior Court is not that fortunate.

Other than that, Mr. Chairman, I would be pleased to answer any questions you have in mind.

[The statement follows:]

STATEMENT OF H. CARL MOULTRIE

Mr. Chairman, it is a privilege to speak today to the District of Columbia Subcommittee of the Senate Appropriations Committee on the budget or the Superior Court for Fiscal Year 1983.

The Superior Court is requesting a total operating budget or $31,435,600 which reflects an increase of $3,071,700 (11%) over the Fiscal Year 1982 budget, and includes $1,179,400 for the projected Fiscal Year 1983 cost-of-living adjustment.

Increased Staffing Requirements (24 Positions) - $416,100

The Superior Court has faced a steady reduction in staff coupled with constant legislative pressure to assume more and more responsibility. It has endured an untenable 15% paring of authorized positions (from 1,034 to 875 over the period from Fiscal Year 1975 to Fiscal Year 1981) and the highest level of financial support over the past four budget years has been capable of supporting only 850 positions. At times in Fiscal Year 1981, our organization was forced to attempt to function with a severely overburdened work force of 800, which could not begin, nor realistically be expected, to effectively or properly carry out the mission of the Superior Court. At the 850 level we are still not capable of carrying out all of our duties in the fashion they should be. Therefore, the following requests must be made in an effort to enable the Court to meet its statutory requirements and serve the public.

Law Clerk and Secretary to Retired Judges (Two Positions) - $46,400

By law, the Chief Judge of the Superior Court may request that retired judges of the Court return to active service. We are indeed fortunate at this time to have several retired judges so serving, each averaging six to ten months of assistance to the Court each year as it confronts a tremendous work load. These faithful, retired judges, however, have no law clerk or secretarial support. In order to derive maximum benefit from bench time and professional services, it is essential that we provide these judges with law clerks and secretarial support for their important and necessary efforts on behalf of the Superior Court and the District of Columbia.

Deputy Director of Personnel (One Position) - $35,900

Public Law 91-358 (Court Reform Act) and D.C. Law 2-139 (Comprehensive Merit Personnel Act) gave the District of Columbia Courts the authority and responsibility to establish and implement a personnel system independent of the systems of the District of Columbia and federal governments. Although the Joint Committee on Judicial Administration has developed independent policies and procedures, implementation has been impaired by the limited size and expertise of the existing personnel staff. A Deputy Director of Personnel at the CS-13 level is needed to assist in designing, monitoring and evaluating the Court's personnel program, to manage employee/employer relations, to provide career counseling and to serve as Equal Employment Officer.

Personnel Management Specialist (One Position) - $17,800

As indicated above, the Court has developed a comprehensive set of personnel policies and procedures which require additional assistance to implement. A CS-7 Personnel Management Specialist is needed to interview, screen, test, and evaluate prospective employees so that other staff may devote more time to job evaluations, position reviews and other related duties prescribed by the Court's personnel policies.

Assistant Fiduciary Clerk, Probate Division (One Position) - $13,100

In October, 1981, all District of Columbia trust cases were transferred from the United States District Court to the Probate Division of the Superior Court. This measure has had a severe impact upon the Fiduciary Officer and the clerical staff of the Register of Wills Office. An Assistant Fiduciary Clerk is absolutely essential to ensure that notices, docketing, filing, and indexing are completed in an expeditious manner.

Community Workers, Social Services Division (Three Positions) - $59,000

The Community Service Program has been a federally funded program which will require appropriated monies beginning in Fiscal Year 1983 if it is to continue. This program offers a viable alternative to traditional measures of supervised probation for 1,610 adult offenders, 480 of whom will be completely diverted from formal court processing. These 1,610 offenders could provide up to 104,000 hours of community service, valued at approximately $348,400, to a minimum of 80 government and non-profit community agencies and organizations. Placement and supervision is provided by paraprofessional community workers at a salary of $17,888 as compared with probation officers' salaries of $24,000 per year. It can readily be seen that if this program were eliminated, not only would a number of offenders require formal court processing, but an even greater number would be routed through regular channels of probation and institutionalization at considerable cost to the city.

Law Clerk, Tax Division (One Position) - $23,100

Tax cases are routinely handled as a "supplemental" assignment by a judge whose primary responsibilities lie in either civil or criminal matters. The law clerk of the judge assigned to the Tax Division is responsible for legal research and duties related to the judge's primary judicial assignment. This has required that the judge undertake legal research in tax matters, which is not efficient use of a judge's limited time. Moreover, there has been a dramatic increase in the number of tax case filings in recent years. The coupling of these factors creates a demand for a full-time law clerk to perform the complex legal research required to dispose of tax cases.

Arbitration Clerk, Civil Division (One Position) - $20,600

Because of a continuing increase in the volume of new civil action cases filed each year, and the resulting increase in the number of cases pending, the Court has undertaken a voluntary arbitration program. The primary purpose of the program is to divert cases (the less complicated ones, we would expect) from the already crowded judicial calendars and to expedite their disposition. In 1980, for instance, 5,778 civil action cases at issue were disposed. Of that number, 42% required some judicial time. (The other at issue cases were disposed without appearing before a judge.) It is expected that the arbitration program would divert many of these cases from the judicial calendars and free judges to handle the remaining cases in a more timely manner as it has in a number or cities across the nation.

The Civil Division will need one CS-9 Arbitration Clerk to be responsible for the administrative requirements of the arbitration program. This individual would review cases referred for arbitration to determine the area of substantive law involved, maintain a register of arbitrator panels according to expertise, select arbitrators, monitor cases referred for arbitration, prepare case files for transmittal to the arbitrators, reduce arbitration awards to judgment orders and maintain statistical data on the arbitration program.

Probation Clerk, Social Services Division (One Position) - $14,700

During the past year, the Control Center of the Social Services Division has absorbed an ever increasing work load. A juvenile computer system has been implemented and the Adult and Intrafamily Probation Activity Reporting System (PARS) has been expanded, resulting in a substantial increase in data entry requirements - a primary responsibility of the Control Center.

The responsibility of providing computer support for juvenile and neglect cases will necessitate the entry of an additional 600 documents into the Control Center system each month to create records of clients placed on probation, probation cases closed, diagnostic reports requested and submitted, and review hearing information. Data will also be gathered from forms prepared each time a client referral to a community agency is made as well as when a client contact, such as an office or home visit, takes place. Current statistics indicate that approximately 9,900 contacts and referrals are made each month. The services of an additional clerk will be essential to support these activities. Without the additional staffing, system plans will have to be curtailed and a mounting backlog of cases to be processed through the Control Center will have to be accepted.

Assistant Interview and Judgment Clerk, Civil Actions Branch, Civil Division (One Position) - $16,900

Due to a tremendous increase in the volume of new cases filed, combined with a marked increase in the amount of activity in civil cases, the work load in the judgment section of the Civil Actions Branch has become overwhelming. The judgment section is primarily responsible for assisting *pro se* litigants, entering default judgments and issuing all types of writs or execution. The work requires close attention to detail and a working knowledge of civil procedure. Over recent years, this section has experienced increasingly lengthy delays in processing default judgments, matters routed to the Calendar Control Judge, sending notices and so forth. The present staff of three cannot keep up with the increasing level of activity despite the implementation of measures designed to streamline operations and reduce services to the public and bar. A comparison of statistics for 1981 with those of 1977 reveals an increase of 26.3% in the number of default judgments entered, a growth of 61.3% in the number of writs of execution issued, a rise of 47.0% in the number of telephone assistances, and an increase of 24.8% in the number of in-person interviews provided by this office. The addition of the requested position would enable this office to keep abreast of the daily work load and, hopefully, address the backlog.

File Clerks, Civil Actions Branch, Civil Division (Three Positions) - $36,100

The file room staff in the Civil Actions Branch has been literally inundated by a tremendous increase in the number of new case filings along with numerous requests by the public for court files. Since the Court has not been able to pay for overtime staff for the purpose of eliminating the resulting filing backlog, other employees have been detailed to assist with this function. This has resulted, predictably, not only in backlogs in these employees' primary areas of responsibility, but in many misfilings due to inexperience. The Court is requesting three CS-4 file clerks to help alleviate this problem.

File Clerks, Landlord and Tenant Section, Civil Division (Two Positions) - $24,000

Due to the absence of any clerical staff to maintain over 100,000 annual filings, the records, dockets and indexes of the Landlord and Tenant Office are untended, unsecured and completely open to the public, and there is no file clerk assistance available to the public or bar.

Two file clerks would enable the Court to close off the file room to the public and implement a sign-out card system, hence, providing required security as well as filing services. Filing is presently being done by CS-6 and CS-5 docket clerks and clerk-typists, taking them away from their regular duties and responsibilities. These employees spend up to three hours a day re-filing cases that are in Court and those that are removed by the public, thereby affecting the timeliness of their docketing and indexing duties.

Lack of adequate staffing coupled with increased litigation cause this office to regularly experience a two-to-three day backlog in docketing and one-to-two day backlog in the file room.

Volunteer Attorneys Program - (Seven Positions, $108,500; Program Expenditures, $299,400) - $407,900

The 1977 Prevention of Child Abuse and Neglect Act (D.C. Code Ann. 16-2304(b)(2)) mandates the assignment of attorneys for parents and *guardian ad litem* attorneys for children in neglect and abuse cases.

At the time of the Act's passage no funds were appropriated for the compensation of attorneys in these cases. Therefore, the Court has adopted a system of attorney assignment for parents which requires the approximately 120 lawyers who accept CJA delinquency cases from the Court to accept a certain number of unpaid neglect cases each year. With respect to the assignment of *guardian ad litem* attorneys for the children, the Court relied on the recruitment of interested attorneys by the Volunteer Attorneys Office, which was able to engage approximately 20 attorneys to provide part-time *pro bono* representation for the children. Beginning in 1979, a three-year federal grant, totalling over $500,000, was awarded to the Court, $90,000 of which was earmarked each year for the payment of _guardian ad litem_ attorneys.

The three-year _Guardian Ad Litem_ Program grant will expire during Fiscal Year 1982. The Legal Aid Society staff is unable to carry more than a few of the 500 new cases which arise each year. There are approximately 3,000 children now under the Court's jurisdiction as neglected or abused. The burden of representing their parents still falls on unpaid attorneys, many of whom are now carrying unsupportable case loads of 50 to 100 cases each. Without adequate representation for these children and their parents, such cases tend to remain in the court and social services systems for years. During the past year alone, the _Guardian Ad Litem_ Program has saved the city over half a million dollars in foster care costs by freeing 34 children for adoption and arranging foster parent adoptions for more than 50 other children.

The Court proposes the establishment or an office which would coordinate the appointment of both children's and parents' attorneys. The attorney pool available for assignment to these cases would be expanded from the fewer than 200 attorneys currently involved to the 2,000 attorneys who currently accept paid work from the Court: CJA criminal attorneys, CJA mental health attorneys, CJA appellate attorneys, domestic relations attorneys assigned to uncontested divorces and assigned probate attorneys. The Court would provide training for all attorneys undertaking neglect work for the first time. Participating attorneys would be compensated for at least a fraction of the time they devote to these difficult cases.

In order the perform and administer these statutorily mandated legal services, a staff of seven additional employees, at a cost of $108,500, and program funding of $299,400, for a total of $407,900, will be necessary for Fiscal Year 1983.

Payroll Funding Required for Existing Staff - $1,914,300

In order to adequately meet basic payroll requirements for existing staff, an additional $1,914,300 is needed as delineated below.

Cost-of-Living Adjustment - $1,179,400

This amount represents an anticipated 5% pay adjustment projected and recommended by the Mayor.

Within-Grade Increases - $300,400

Within-grade increases are required by law to be given to all eligible employees.

Reallocations - $355,700

In order to comply with Title II, Section 1726 of the D.C. Code, a number of positions must be reclassified at higher levels in order to make them comparable to analagous positions in the District of Columbia and federal governments.

Overtime Pay - $78,800

Several statutes and Superior Court Rules require that certain operations of the Court conduct business on weekday evenings and Saturdays as a convenience to the public. "FLEX" time cannot be used to schedule personnel to cover these situations on a regular basis as previous position reductions and vacancies created by already inadequate funding have left existing staffs at minimal levels. Therefore, overtime shifts offer the only practical solution.

Data Processing Requirements - $66,800

Hardware - $25,000: The funding requested is needed to acquire computer terminal equipment in support of the IDMS Data Base Management System. These display terminals will be installed in all divisions of the Superior Court.

Software - $20,000: Software consisting of specialized processing packages to complement the capabilities of the recently installed Data Base

Management System is required. These packages should include, but not be limited to: a job accounting package, a disk space management package, a Computer Center Scheduler and a statistical reporting package.

Computer Terminals for the Social Services Division's Field Units - $21,800: In keeping with the Court's movement toward modern and more efficient information management, it is requested that each of the Social Services Division's three field units be provided a computer terminal and associated printer linked to the Court's main computer. At present, the Social Services Division's field units are supported by means of computerized output reports and indexes. In most cases, this means that the information is several days old when received by the probation officer in the field. Information of questionable timeliness requires telephone verification with the Control Center. This is an inefficient and time consuming method of operation both for the probation officers and the Control Center staff. The same problem exists in relation to the input of record changes from the field units. While the central system is structured so that the status of cases can normally be updated within the same day, it takes several days to enter information furnished by field units. If the capability requested were provided, records could be kept up-to-date with the result that: the field units would have the latest court information on adult and juvenile cases readily available; the Court's probation and probation rearrest records would be more current; the Court's Clerks' Offices would be able to more effectively crosscheck information pertaining to defendants; in effect, operations would be greatly enhanced by ready access to viable information. The computer terminals, associated modems and other equipment to support three terminals and printers, would cost $20,000.

In order to service the computer terminals requested for the Social Services Division's field units, there will be a monthly telephone expense ($1,500 per annum) and an installation fee ($300). Given the increased access to current information and resulting efficiency of operations, these costs are reasonable.

Increases Necessary to Provide for Inflationary Costs on Items Other Than Payroll in Nature - $155,100

Telephone Service - $56,500: The Department of General Services of the District of Columbia informed the Court that, effective mid Fiscal Year 1982, there will be a considerable rate increase for telephone service along with a substantial increase in the cost of telephone extensions. It is, therefore, necessary to assume that the same level of telephone service in Fiscal Year 1983 will cost the Court 20% more ($56,500) than is currently provided in its budget base.

Supplies and Materials - $43,600: Funding is needed at a level sufficient to meet the 12% per year projected increase in the cost of supplies due to inflation during Fiscal Years 1982 and 1983.*

Printing and Reproduction - $28,300: To counteract the effect of a projected 8% per year inflation rate on the cost of printed material over the two-year period of Fiscal Years 1982 and 1983, $28,300 is requested.*

Postage - $26,700: The Court's budget base for postage is $80,000, which provided for postage costs when the basic postal rate was $.15. By Fiscal Year 1983, with the basic postal rate at a minimum of $.20, the Court will need an increase of $26,700.*

Specific and General Equipment Needs - $220,000

Equipment and Furniture Replacement and Rehabilitation - $80,000: The division heads of the Superior Court have identified various pieces of furniture and equipment that will need replacement or rehabilitation during Fiscal Year 1983. The anticipated cost is $80,000 over and above the level of funding available in the Court's budget base for such purposes. By Fiscal Year 1983, much of the heavily used equipment which was purchased to implement the Court reorganization statute will have been in service at least 10 years (and probably much longer) and will be in dire need of replacement. It is estimated that $60,000 is needed for equipment replacement and $20,000 to rehabilitate current items which could provide added years of service to the Court if they were refurbished.

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* Due to already insufficient funding in these categories, it is still uncertain as to how necessary expenditures for Fiscal Year 1982 will be met.

Central Audio Recording and Communications System - $140,000: At the present time, 32 statutory courtrooms, trial courtrooms and hearing rooms, have 8-track recording systems which are linked to the Court's central audio recording and communications system. While the necessary conduits and backboxes were installed in all of the courtrooms when the courthouse was constructed, funding has not been available for purchase and installation of all complementary recording equipment. In Fiscal Year 1983, we propose to equip an additional ten courtrooms at an estimated cost of approximately $14,000 per courtroom.

Fiscal Year 1982 Supplemental - $55,000

In addition, supplemental funding in the amount of $55,000 will be required to see the Guardian Ad Litem Program through the close of Fiscal Year 1982, at which time it is planned that its function and responsibilities be incorporated in a "Volunteer Attorneys Program" proposed under this Fiscal year 1983 budget request.

Judicial Resource Needs

I believe the Court's increasing work load mandates an increase in judicial manpower to ensure the dispensation of quality justice. Administrative improvements and the dedicated services of our retired judges have helped the Court meet its service obligations thus far. But, we must also have adequate judicial personnel available, and attention must be focused upon the need for a statutory increase in the number of Superior Court judges and, in the interim, on the provision of a reasonable minimum level of support for our retired judges.

In closing, Mr. Chairman, I wish to thank you and other members of the Committee for the kind consideration you have shown me in the past three years and hope you will look favorably upon my request for this year.

STATEMENT OF LARRY POLANSKY

Senator D'AMATO. Mr. Polansky?

Mr. POLANSKY. Thank you, Senator. Mr. Chairman, I will submit a formal statement and will also try to be very brief and touch on only those items of difference between the District and ourselves.

The first difference is in the area of the Criminal Justice Act. I want to reaffirm our need and inform you that the District has rejected the portion of new dollars requested, under the Criminal Justice Act, that relate to what is called the Criminal Defense Agency staff. This is a proposed staff of two persons who would be the administrators of the criminal justice plan worked on by the Board of Judges of the Superior Court and promulgated by the joint committee.

Another area of disagreement is in the provision of a training officer for the courts. We, as an organization, have no formal training staff. What training resources we have had, over prior years, has had to do with Law Enforcement Assistance Administration-funded programs.

I would venture to say that most Federal agencies have a small percentage of their budget set aside, perhaps 1 or 2 percent of their budget. We would be delighted to have something like 1 percent of our budget set aside for training. We have less than one-hundredth of 1 percent of our budget that can be used for training.

Finally, let me say that we have requested four capital programs in this year's budget. The District did not see fit to recommend any one of them. Basically, their response was that the capital programs we recommended did not fall within the District's definition of a capital program. I would submit that I have read their definition of a capital program, a number of times, and continually come to the conclusion that the programs we submitted certainly do fall within their definition.

I'm available to answer any questions, Senator D'Amato.

[The statement follows:]

STATEMENT OF LARRY P. POLANSKY

Mr. Chairman and members of the District of Columbia Subcommittee of the Senate Appropriations Committee, I thank you for the opportunity to speak today to the budget of the District of Columbia Court System.

The Court System is requesting a Fiscal Year 1983 operating budget or $6,525,000, an increase of $862,500 (15%) over Fiscal Year 1982. Of the amount of increase requested, $562,900 (10%) is essential in order to meet minimum Criminal Justice Act requirements, with the remaining $299,600 (5%) needed to provide training, payroll funding (including the City's projected 5% pay adjustment, personnel base adjustments and within-grade increases), a Joint Committee Discretionary Fund, and supply and printing increases due to inflation. The District of Columbia Courts have also submitted a request for $1,605,900 to provide for necessary capital improvements. Moreover, it has become apparent that supplemental monies in the amount of at least $470,500 will be needed to fulfill Fiscal Year 1982 requirements associated with the Criminal Justice Act Program.

Appointment of and Claims for Indigent Criminal Defense - $562,900

Title 11-2601 of the D.C. Code authorizes the Joint Committee on Judicial Administration to prescribe a program to provide representation to indigent persons appearing in criminal matters. The current plan calls for the establishment of the Criminal Defense Agency, and it is recommended that a Director at the CS-13 level ($35,900) and a Staff Assistant at the CS-7 level ($17,800) be provided to administer the multi-million dollar program. Specifically, staff is required to manage the agency, to implement an effective assignment system for legal representation of indigent defendants, to administer the attorney qualification and case assignment processes, and to coordinate this program with the Public Defender Service, attorneys from the private sector, judges and several divisions within the Courts.

In order to adequately satisfy claims justified under the Criminal Justice Act Program, it is estimated that a minimum of $4,150,300 will be required, which represents an increase of $509,200 (14%) over the fiscal year 1982 budget of $3,641,100. Underfunding of the Criminal Justice Act Program would result in imposing a tremendous and untenable demand upon the Public Defender Service. Although responsive when called upon to provide pro bono services, the private bar cannot be expected to provide defense services over a prolonged period of time. Hence, the net effect of inadequate Criminal Justice Act funding would be that nearly 80% of the cases scheduled each day could not be tried; moreover, as counsel could not even be assigned for these cases, by law, the defendants involved could not be incarcerated even if pretrial incarceration were warranted. (Kirby vs. Illinois, 406 U.S. 682 (1972)).

District of Columbia Courts Training Needs - $64,400

Training Officer, Executive Office (One Position) - $35,900: Well trained and highly competent personnel represent the most important resource at the disposal of the District of Columbia Court System. The need to provide continuing education and training programs for employees at all levels of responsibility is a requirement that has been clearly identified as a priority by external evaluators and documented by an internal Ad Hoc Training Committee. A professional Training Officer is essential to: assess the needs of our personnel in terms of fulfilling present position requirements; plan for long range employee development and changing organizational requirements; design and implement on-going employee training programs and special programs to address specific needs as they arise; identify external programs and resources that are available to Court employees; and, to provide continuity for the Courts' educational programs.

Training - $15,000: Opportunities must be made available to employees to enhance their professional competency and provide adequate career development through participation in in-house curricula as well as regional/national conferences and symposia. Staff cannot continue to function with efficiency and effectiveness without some scheduled time for professional growth and renewal. A budget of $15,000 is requested to provide for Courtwide in-house programs as well as for tuitions, registration fees and travel expenses.

Training Support Materials - $13,500: In support of the duties to be fulfilled by the Training Officer, essential items of equipment and materials at a total cost of $13,500 have been identified.

Payroll Funding Requirements to Provide for Existing Workload Demands - $227,800

Secretary/Clerical Assistant, Executive Office (One Position) - $15,500: The Executive Office staff produces a high volume of correspondence, memoranda, reports and other complex, detailed documents which require the extensive use of word processing equipment. Also, responsibility for updating the Superior Court Benchbook as well as the standard Jury Instructions now falls within the purview of this office. The steady increase in the volume of typed material which is required has exceeded the capability of the current level of staffing - two secretaries for four busy professional level staff. The addition of one clerical position is a necessity.

Cost-of-Living Adjustment - $101,400: This represents the 5% pay adjustment projected by the Mayor for Fiscal Year 1983.

Personnel Base Adjustment - $81,100: If the Executive Officer is to effectively function as prescribed by the "District of Columbia Court Reorganization Act of 1970" (Public Law 91-358, "The District of Columbia Court Reform and Criminal Procedures Act of 1970") and perform the duties enumerated in that law, it is essential that two Congressionally approved positions be filled. We would request that monies be made available to hire a CS-15 Court Management Research Analyst at $42,900 and a CS-13 Analyst at $30,800, plus $7,400 for benefits, totalling $81,100. Not filling these two critically important court management analyst positions on the staff of the Courts' Executive Officer means that the evaluation of Court procedures and programs and the design of better, more efficient ones, cannot be accomplished and the Executive Office cannot fulfill its statutory responsibility.

Within-Grade Increases - $29,800: This within-grade funding request is necessary to offset the within-grade advancements required by law to be given to eligible employees. Without adequate resources, within-grade increases would have to be paid at the expense of keeping one to two court reporter positions vacant, thereby reducing an, already understaffed, basic and critical court support function.

Increases Necessary to Provide for Inflationary and Miscellaneous Requirements - $7,400

Printing and Reproduction - $2,500: To counteract the anticipated effect of an 8% per year inflation rate projected for the two fiscal year periods of 1982 and 1983 on the cost of printed materials, $2,500 is requested.*

* Due to already insufficient funding, it is uncertain as to how necessary expenditures for Fiscal Year 1982 will be met in these three categories.

Supplies and Materials - $2,400: To meet a projected 12% increase per year in Fiscal Years 1982 and 1983 with respect to supplies and materials, an additional $2,400 is needed. Without sufficient funding in this area, the District of Columbia Court System units will be without necessary supplies and forms required in order to function.*

Joint Committee Discretionary Fund - $2,500: Authorization for a minimal discretionary funding of $2,500 has been provided for the Joint Committee on Judicial Administration, the Chief Judge of the Court of Appeals, the Chief Judge of the Superior Court and the Executive Officer to support the official ceremonial responsibilities of the D.C. Courts. Unfortunately, monies have not been provided in the Courts' appropriation for this purpose.

It is requested that the amount of $2,500 be provided and that the following language be again included in the Appropriation Act:

> "That (an amount) not to exceed $2,500 shall be made available to the Executive Officer of the District of Columbia Courts from this appropriation for official purposes."*

Capital Projects - $1,605,900

In addition to the operating budget request, the District of Columbia Courts have submitted a request for necessary capital improvements, totalling $1,605,900. Briefly, $307,800 is essential to upgrade buildings ancillary to the main Courthouse (to adjust/upgrade heating and cooling systems in Buildings "A" and "B"; to install video surveillance/security systems in Buildings "A", "B" and "D" to be monitored from Building "B" location; and, to clean the exterior surface of Buildings "A", "B" and "D"); $506,300 is required to purchase recording equipment and add improvements to complete the Central Audio Recording and Communications System in the remaining courtrooms and hearing rooms (conduits and backboxes were installed in all of the courtrooms when the main Courthouse was constructed); $195,300 is sought to set up a central microfilming operation in the main Courthouse, with lab, in order to implement large scale conversion of court papers and dockets to microfilm; $596,500 is needed to install a complete video

* Due to already insufficient funding, it is uncertain as to how necessary expenditures for Fiscal Year 1982 will be met in these three categories.

surveillance/security system in the main Courthouse and auxiliary buildings, including conduit work for running wires to the monitoring stations.

Supplemental Budget Request for Fiscal Year 1982 - $470,500:

A Court System supplemental budget request for Fiscal Year 1982 in the amount of $470,500 has been presented to the District government for additional Criminal Justice Act funding. Several factors have contributed to increased costs in the Criminal Justice Act Program: the dollar value of cases handled by CJA attorneys has risen significantly; transcript costs and orders for transcripts have increased considerably; and, an increased number of investigator services are being provided for indigent defendants. The current pace of actual spending appears to be far exceeding the $470,500 need reflected in our December submission of the Fiscal Year 1982 supplemental request and will probably result in a reprogramming request later in the year.

By way of conclusion, I would ask that the Committee look favorably upon the Fiscal Year 1983 operating budget request, the 1983 capital budget request, and the Fiscal Year 1982 supplemental budget needs of the District of Columbia Courts.

PROBLEM OF RECIDIVISM

Senator D'Amato. Judge Moultrie, recidivism seems to be one of the great problems that we face in terms of major crime in the District. It's estimated that one in every four crimes is committed by someone who's charged with another crime. In other words, someone who is out on pretrial or post-trial release. It's easier to talk about the problem than to come up with solutions but what, if anything, can be done in this area?

Do you think, for example, the additional manpower, the judicial manpower, would cut down on the number of people? Do we need bail reform for those who are out on the street? Do we need more prisons? What's the answer?

Judge Moultrie. One answer, I believe, Mr. Chairman, would be to change the Bail Reform Act so that a judge might take into consideration the dangerousness of the defendant to the community. As you know, a judge is not permitted to consider dangerousness but only whether an individual has no record of having absconded from court or of not reporting. The judge is bound to uphold the law. He cannot just place a bond on a person who has a perfect attendance record.

LEGISLATIVE REFORM

Senator D'AMATO. Let me ask you this, Judge. In your opinion, would you favor that kind of legislative reform that would, indeed, give the court or the sitting judge the ability to take into account the propensity of this person toward criminal activity or dangerous conduct?

Judge MOULTRIE. Without hesitation the answer is yes.

Senator D'AMATO. You would support that?

Judge MOULTRIE. I would support that.

Judge NEWMAN. Mr. Chairman?

Senator D'AMATO. Yes, Judge?

Judge NEWMAN. The present District of Columbia statute permits that. The present statute is the model for what I think is in this body called the Thurmond-Biden bill, the so-called preventive detention statute.

Senator D'AMATO. Yes.

Judge NEWMAN. It serves as a model for that bill.

Judge Moultrie. That is not what I am talking about, Mr. Chairman.

PREVENTIVE DETENTION

Judge NEWMAN. The present statute provides that you cannot take into account dangerousness in setting financial conditions. But, the statute as it exists now and the Thurmond-Biden bill provide that, given certain factual findings after evidentiary hearings, you can detain without bond for up to 60 days.

The Thurmond-Biden bill goes, I think, 90 days or 120 days. There have been proposals to amend the District of Columbia statute, which may be desirable because the U.S. Attorneys Office contends that 60 days does not give them enough time to bring the defendant to trial, given the rest of their caseload.

The constitutionality of our statute was affirmed by an opinion of our court, which I had the pleasure of writing, and the Supreme Court, recently, denied certiorari.

The provision is not used as much as it probably should be, in part because, and I think I can say this as a former trial judge in our Superior Court, there are occasions when backdoor preventive detention is reached by setting money bond and without the strictures of evidentiary hearing and the like.

The tradeoff in the Thurmond-Biden bill and in the District of Columbia preventive detention statute is there are no money conditions set on dangerousness.

Judge MOULTRIE. Mr. Chairman?

Senator D'AMATO. Judge Moultrie?

Judge MOULTRIE. Mr. Chairman, so it will be very clear here, I answered your question yes and I again answer it yes. I would favor a bill that would give the trial judge the discretion to take into consideration dangerousness. In order for us to hold a person now there must be a predetention hearing. That is in the bill.

Chief Judge Newman is correct. That is a part of the pretrial detention process. But, that is not used or is used very sparingly. The reason is that 60 days, according to the U.S. Attorneys Office, is just not enough time to prepare fully for trial. But I'm in favor of a bill whereby, if a person comes into the court, having been convicted of a certain number of felonies, the judge would have the discretion to say, "This person is a danger, based on his record." That's why I answered the question yes and I don't change from that position.

Senator D'AMATO. The question is whether constitutionally, without a hearing whether or not that would be able to be done.

Judge MOULTRIE. That would be left for ruling. That's correct.

Judge NEWMAN. Mr. Chairman, every State court, and most recently the Supreme Court of Hawaii, that has had a chance to pass on the constitutionality of that type of bill and, indeed, every Federal court that has passed on that type of bill, has held it unconstitutional.

Judge MOULTRIE. That's no reason, Mr. Chairman, why I shouldn't favor the proposal.

Senator D'AMATO. OK.

Judge MOULTRIE. I still favor the bill.

REDUCING TIME OF APPEAL PROCESS

Senator D'AMATO. Let me ask you, in terms of reducing the time for the appeal process to be reached, what do you recommend, Judge? What can be done? Any one of you. Judge Newman? Judge Moultrie?

What can we do to assist in that? I see that length of time has continually increased. The backlog is increasing. No. 1, let me ask you this: Does that add to the problems of crime?

Judge NEWMAN. Mr. Chairman, probably not. In the sense that any defendant who—criminal defendant—who, after trial is sentenced to a term of confinement, except for an infinitesimal number, maybe 1 out of 10,000, is in fact serving that sentence pending appeal. We do not have the practice of release on bond pending appeal. It is virtually unheard of in our system.

Senator D'AMATO. So that does not exacerbate this problem?

Judge NEWMAN. That's correct.

Senator D'AMATO. OK.

Judge NEWMAN. The defendant who has been sentenced to a term of confinement, whose case is on appeal, is in confinement. That is no answer to whether or not the increased time on appeal is of concern. Of course it is. And it is getting worse.

We know, for example, over the last 5 years that for every 1,000 criminal cases filed in the Superior Court, between 3.5 and 4 have resulted in an appeal and disposition by us on final disposition. And the filings in Superior Court are going up.

If I had a magic wand, Mr. Chairman, I would have used it some time ago.

Part of the problem is delay in obtaining transcripts, part of it is delay in filing of briefs and the like. Those things can be dealt with but we try to do it in a manner so as not to get into the old military syndrome of "Hurry up and wait." Why hold lawyers' feet to the fire, getting them to prepare their brief timely, if the court then is just going to have to have the cases sitting there and waiting until we can reach them?

The use of retired judges has worked. We have increased our screening capacity and utilized differential calendaring and other various techniques.

We presently have one judicial vacancy. The hearings on that vacancy are to be held on June 23. Once that body is aboard, Judge-Designate Terry, I hope that we will make some further impact on the backlog. I don't have a magic formula.

We're trying most of the techniques that have been tried around the country, including those tried by the Court of Appeals of the State of New York, by Chief Judge Cook. It's a vexing problem.

PROBLEMS WITH U.S. MARSHAL SERVICE

Senator D'AMATO. Let me ask one further question. Last year we had some problems, a threatened reduction in the number of U.S. Marshals serving in the Superior Court. I'm wondering what the status of that controversy is now, or that problem?

Judge MOULTRIE. Still unsatisfactory, Mr. Chairman. The U.S. Marshal Service, according to statute, must serve the Superior Court but it is not doing it adequately at the moment. I have written letters—and you have seen some of them—to Director Hall with reference to the proposed cut. The cut isn't being made officially but conditions are such that marshals are requesting transfers to other jurisdictions and each marshal leaving means additional inadequate staffing for they are not replaced.

Frankly, in the last week, the service has been disastrous. Marshals are just not serving the court adequately and I propose to take some very strong action very soon about that matter. It's very unsatisfactory at the moment.

Senator D'AMATO. I'm wondering, Judge, if your staff would stay in touch with Mr. Leeth. Perhaps Mr. Polansky can stay in touch with Mr. Leeth so they can make some concerted effort to see to it that both the court and its personnel have adequate services.

Judge NEWMAN. Thank you very much.

Senator D'AMATO. Let me thank all of you for your appearance, for your obvious concern in terms of the entire process and indicate to you that I have seen some substantial improvement in terms of the awareness by the District officials in dealing with this, in not putting the court on the back burner. I'm glad that you were able to testify to what would appear to me to be a greater awareness and a better cooperation, maybe not everything forthcoming, but certainly better than last year when we had some disputes that went right to the basic core of whether or not services and the court would be able to function.

Thank you so much for coming.

Judge MOULTRIE. Thank you.

QUESTIONS AND RESPONSES

Senator D'AMATO. I will submit some questions for responses which will also be included in the record.

[The following questions were not asked at the hearing but were submitted for response for the record:]

QUESTIONS SUBMITTED BY SENATOR D'AMATO

COURT SYSTEM

SENATOR D'AMATO:
1. Concerning the court appointed counsel under the Criminal Justice Act program, the requested amount is $4,609,800 or an increase over 1982 of $509,200. Do you expect that amount to be adequate for all of 1983? If not, how much do you project?

LARRY POLANSKY:
1. The fiscal year 1983 CJA program Court request was for funding of $4,150,300 (a base of $3,641,100 plus an increase of $509,200). Our most recent (and conservative) estimate of the cost of this program for fiscal year 1983 is $4,650,000. Based on the current unpredictable FY 1982 experience, however, the actual cost of the CJA program in FY 1983 could approach $4,900,000.

SENATOR D'AMATO:
2. In 1982, you correctly estimated that the number of cases would remain constant yet the billings increased between 14 and 28% during the year. Why?

LARRY POLANSKY:
2. The CJA program payments for the three most current fiscal years are:

Fiscal Year 1980 - $3,611,000
Fiscal Year 1981 - $4,188,500
Fiscal Year 1982 - $4,650,000
(projection to September 30, 1982)

The $1,000,000+ increase from Fiscal Year 1980 to projected Fiscal Year 1982 can primarily be attributed to the following:

a. The average felony voucher cost has increased by $64 (22%). Detailed analysis shows this to be the result of more out-of-court billing hours being claimed in virtually every case.

3,650 cases @ $64 — $ 233,600

b. The Average misdemeanor voucher cost has increased by $41 (24%). Detailed analysis again shows this to be the result of more out-of-court billing hours being claimed in virtually every case.

6,500 cases @ $41 — 266,500

c. Case load increases were experienced in the last quarter of fiscal year 1981 which were carried over to fiscal year 1982 and would

seem to reflect an annual increase of approximately 1,800 CJA cases.	
250 additional felony cases @ $349	87,250
1,550 additional misdemeanor cases at $208	322,400
d. Increased number of requests for transcripts of proceedings.	
160 transcripts @ $250	40,000
e. Increased numbers of claims for investigative services.	
1,300 investigations @ $87	113,100
Total of five factors	$1,062,850

SENATOR D'AMATO:
3. What functions do U.S. Marshals perform for the District Court System?

LARRY POLANSKY:
3. The Marshals perform or are required to perform a plethora of duties on behalf of the court and the justice process. In addition to the responsibilities for civil process, the carrying out of eviction orders and matters of similar responsibility for the civil court, the marshals' duties include (but are not limited to) the following:

1. Operation of the Courthouse Cellroom where all defendants arrested and processed by the Metropolitan Police Department (and several federal law enforcement agencies) are held each day while awaiting arraignment and/or presentment before judges of the Superior Court of the District of Columbia.

2. Performing similar duties for all juveniles arrested and processed by the Metropolitan Police Department for arraignment before judges of the Superior Court of the District of Columbia.

3. Transferring of all defendants held in custody pending trial and/or sentenced to Department of Corrections facilities.

4. Transferring of all juveniles held in custody pending trial and/or sentenced to Department of Human Services facilities.

5. Transferring of all defendants from Department of Corrections facilities to Superior Court, daily, for court action.

6. Transferring of all juveniles from Department of Human Services facilities to court for court action.

7. Provision of security in the daily courtroom environment.

8. Maintaining custody, in the courtroom, of defendants ordered held by judges of the Superior Court of the District of Columbia.

9. Transferring adult and juvenile defendants ordered to undergo a mental examination from Superior Court to St. Elizabeths Hospital

10. Transferring adult and juvenile defendants from St. Elizabeths Hospital to Superior Court for hearing and disposition of mental examinations.

11. Executing bench warrants issued by Superior Court Judges.

12. Serving subpoenas issued by Superior Court Judges.

13. Accompanying and providing security for jurors during the entire course of trial and deliberation.

14. Accompanying and providing security and accommodations for sequestered juries upon orders of Superior Court Judges.

15. Providing for the movement of defendants from the Central Cellroom in Superior Court to individual courtrooms for appropriate action.

16. Receiving and serving writs of habeas corpus issued by Superior court Judges.

17. Receiving and serving process relating to out-of-state witness proceedings.

18. Providing security for Grand Jury proceedings.

19. Providing security in Family Motions Court for hearings on contempt motions for Civil protection orders.

20. Serving juvenile orders.

21. Moving adult and juvenile defendants to Forensic Screening Office for determination as to need for full mental examination.

22. Serving writs of restitution, writs of replevin, writs of attachment before judgment, civil bench warrants, and writs of fieri facias for Civil Division.

23. Providing building and room security for highly publicized trials.

SENATOR D'AMATO:
4. It would require a change in the law if Marshals were to no longer perform these duties. Is action required by the District Council or the congress or both?

LARRY POLANSKY:
4. The responsibility of the U.S. Marhals to the Courts of the District of Columbia is set by Title 11 Section 1729 of the District of Columbia Code which reads

> "The United States Marshal for the District of Columbia shall continue to serve the Courts of the District of Columbia subject to the supervision of the Attorney General of the United States".

Since this section is in Title 11 of the D.C. Code (by federal statute, Title 11 can be amended only through Congressional action), our initial response must be that any change would require Congressional action.

It is logical, however, to believe that any total response to the many problems that have arisen with the services provided by the U.S. Marshals will, inevitably, require the action of the District of Columbia Government as well as the Congress.

SENATOR D'AMATO:
5. Can the marshals' functions be handled by District officials rather than Marshals? If so, which do you think most appropriate?

LARRY POLANSKY:
5. As the list of duties, reported in Question 3 above, might indicate, the persons vested with the responsibility for providing marshal services to the Superior Court will require capabilities that range from knowledge of crisis intervention techniques through correctional guard duties, law enforcement, arms handling, the psychology of human and personal relations, knowledge and understanding of the law, training in the handling of jurors, crowd control, riot control, bomb threat action and reaction, and many other attributes which cover duties which are unique to the services performed by the "full-service" U.S. Marshal Unit for the District of Columbia. It is inconceivable that any existing unit of the District of Columbia government is prepared to pick up the broad responsibilities involved in the operation. On the other hand, given a substantial period of time to recruit, select, train and indoctrinate a sizeable staff, it is possible that the District could perform those services. At the present time, particularly in light of the statute that places these responsibilities on the U.S. Marshals, the only possible provider of these services is the United States Marshal Service.

SENATOR D'AMATO:
6. Superior Court requested a Deputy Director of Personnel position that was denied by the City. Why is the position needed?

LARRY POLANSKY:
6. The District of Columbia Government Comprehensive Merit Personnel Act of 1978, Title II, Section 201 exempted the chief judges and associate judges of the Superior Court of the District of Columbia and the District of Columbia Court of Appeals and the nonjudicial personnel of said courts from its coverage. The Courts, however, were required to develop an independent comprehensive personnel system to govern Court employees for they no longer were part of the federal program.

Presently, the personnel staff size is insufficient to provide essential and ongoing personnel services for the Courts. The Personnel Division lost two (2) positions in budget reductions prior to the adoption of the act and already had to severely curtail the

Personnel Division effectiveness in providing even minimum personnel services, i.e., training, employee-employer relations employee counseling, management training, etc.

SENATOR D'AMATO:
7. Does the court system use the support facilities or the District Office of Personnel or duplicate these services?

LARRY POLANSKY:
7. The Court system, wherever possible, uses the support facilities of the District of Columbia.

For example, we utilize the services or the District Office or Personnel Workman's Compensation Office and the Retirement Unit. The District of Columbia personnel office keeps us alert to current problems and shares wage and salary information with our personnel office (but, the court acts independent of the District Personnel Office on the recommendation of salary increases for Court employees.) Our payroll is processed for payment and leave balances are maintained by the District of Columbia Data Processing system.

The Courts' personnel office, however, is parallel to the District or Columbia personnel office in the areas of job classification, recruiting, testing, selection, merit rating, training, disciplinary matters, etc.

SENATOR D'AMATO:
8. The City also reduced your request for telephones, supplies, and printing and postage. Did your estimates reflect the expected actual cost of these items in 1983? If so, how will this amount be accounted for?

LARRY POLANSKY:
8. Our estimates do reflect the projected expected actual cost of these items in 1983.

Since these are basic costs of operating the Courthouse, it is not possible to cut back in usage in an attempt to operate within appropriated funding levels. Instead it will be necessary for us to seek additional obligation authority through a supplemental request or a reprogramming from some other city agency. The Court just does not have the funding flexibility necessary to absorb unfunded costs at these substantial levels.

SENATOR D'AMATO:
9. In the Court System's budget, you are asking for 2 additional positions. A Director, Criminal Defense Agency and a staff assistant, in the Criminal Defense Agency. Please tell us what these people will do?

LARRY POLANSKY:
9. The two employees would coordinate the operation or a more efficient and effective system for appointment of attorneys from the private sector and the Public Defender Service to represent persons who are financially unable to obtain counsel and would review and approve payments for such services. This office would also be responsible (in accordance with published guidelines) for determining the eligibility of attorneys, to provide representation while

coordinating with the Public Defender Service, whose responsibility it is to qualify individual defendants as to indigency and represent those persons whose cases are assigned to the Public Defender

SENATOR D'AMATO:
10. How are these appointments of counsel now handled, why isn't this adequate?

LARRY POLANSKY:
10. Currently, the selection of counsel and the review of the submitted voucher is the responsibility of each judge. This is not as efficient as the proposed procedure for a two person central office staff. In addition, this change would eliminate any inherent judicial conflict of interest (or the appearance of such conflict) from the process.

SENATOR D'AMATO:
11. Why is a new agency needed? Couldn't the PDS or Bar handle this without additional cost to the Courts?

LARRY POLANSKY:
11. The word "agency" is a misleading term. "Unit" is a more proper designation for this two person operation which is to function within the District of Columbia Court System's organizational structure. Since the function to be performed is the "court appointment" of counsel, the court feels that it would be inappropriate to assign this duty to an organization not under the direct supervision of the District of Columbia Courts.

While the establishment of this unit results in a modest cost increase to the District, the judicial manpower freed-up to address other court work loads will offset this cost and a mechanism will have been established for improving the quality of legal representation for the indigent defendant.

SENATOR D'AMATO:
12a. The City has denied your request for a Training Officer. How is training now carried out?

LARRY POLANSKY:
12a. Although the training now available to court employees is of a high quality, it is extremely limited in quantity and scope and cannot begin to adequately address the need. The programs that have been offered were, primarily, funded by grant monies and were taught by court employees willing to assume responsibility for an individual training project in addition to their regular duties.

SENATOR D'AMATO:
12b. Do you have any training staff?

LARRY POLANSKY:
12b. No. There are no positions devoted to training staff at this time.

SENATOR D'AMATO:
12c. What training areas are most required?

LARRY POLANSKY:
12c. Due to the lack of training staff, only partial assessments of training needs have been conducted. From these brief overviews, basic supervisory and communications skills appear to be the most needed.

SENATOR D'AMATO:
13. They also denied your request of $81,100 for Personnel Base Adjustment. This appears to be a non-discretionary cost - how will it be covered?

LARRY POLANSKY:
13. This cost cannot be covered in any other way.

If funding for these two key positions in the D.C. Court System/Executive Office is not provided (as it has not for the four budgets that our present Executive Officer has operated under) the Executive Officer's functions and duties, as envisioned in the "District of Columbia Court Reorganization Act of 1970", cannot fully be accomplished. Not being able to fill these two critical court management analyst positions on the staff of the Courts' Executive Officer has meant that evaluation of court procedures and programs and the design of better, more efficient ones could not be undertaken.

SENATOR D'AMATO:
14. You propose to increase certain court fees. Does this require legislation, if so what is the status?

LARRY POLANSKY:
14. No. New court fees were adopted, by the Court, effective April 1, 1982.

SENATOR D'AMATO:
15. Please give us a comparison of the current and proposed fee schedules and the total cost recovery associated with each?

LARRY POLANSKY:
15. See attached order for new and old fee schedule.

With the new fees in effect, we project, for the second half of fiscal year 1982, a $911,700 increase in revenue collections. This will represent a 49% increase over court fees and charges collected in fiscal year 1981.

The projected FY 1983 (full year) revenue increase anticipated as a result of the revised fee schedule amounts to $1,823,400.

The following is an analysis of the source of the $1,823,400 increase:

Landlord and Tenant	$ 749,400
Civil Actions	633,200
Family Division	223,600
Small Claims	106,800
Marriage Bureau	81,100
Auditor Master	21,300
Tax Division	8,000
Total	$1,823,400

Attachments

SUPERIOR COURT OF THE DISTRICT OF COLUMBIA

ORDER

File —
Court Fees

By action of the Board of Judges of this Court, and pursuant to D.C. Code 1981, §11-946, it is this 11th day of February, 1982,

ORDERED, effective April 1, 1982, that Civil Rules 202 and 305 are amended as set forth below, and it is

FURTHER ORDERED, that Criminal Rule 37 is amended as set forth below, and it is

FURTHER ORDERED, that General Family Rule C is amended as set forth below, and it is

FURTHER ORDERED, that Probate Rule 125 is amended as set forth below, and it is

FURTHER ORDERED, that Tax Rules 4 and 16 are amended as set forth below:

SCR Civ 202

FEES

Fees shall be as indicated below for actions in the Civil Division (CA), the Small Claims and Conciliation Branch (SC), and the Landlord and Tenant Branch (LT):

	CA	SC	LT
1. For filing complaint and verification, ~~issuing alias summonses,~~ issuing subpoenas, continuances, ~~all~~ notices of hearing before and after trial or judgment, trial, judgment and satisfaction	$45.00 */ ~~$20.00~~		$10.00 ~~$5.00~~
2. For filing statement of claim and notice, issuing copy, trial, judgment and satisfaction, and including stay of execution		$1.00	
3. For taking affidavit or affirmation	$.50	$.50	$.50

4. For issuing attachment on a judgment	$10.00 ~~$5.00~~	$10.00 ~~$5.00~~	$10.00 ~~$5.00~~
5. For short copy of judgment, release, dismissal, condemnation, etc.	5.00	~~$10.00~~ 2.00 ~~$5.00~~	5.00
6. For issuing notice of conciliation, conducting hearing thereon, and entry of final order or agreement of conciliation		$5.00	
7. For filing arbitration agreement and entering award	$45.00	$5.00	
8. For filing intervening petition	$45.00 ~~$20.00~~	$5.00	$10.00
9. For attachment before judgment against non-resident, etc., with bond, affidavit, and writs, issuing summonses, ~~issuing alias summonses,~~ issuing subpoenas, continuances, ~~all~~ notices of hearings before and after trial or judgment, trial, judgment and satisfaction	$45.00 ~~$20.00~~		
10. For attachment before judgment against non-resident, etc., with bond, affidavit, copies, etc., trial, judgment and satisfaction		$10.00	

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*/ Same for assignment of "Miscellaneous Case" number.

		CA	SC	LT
11.	For writ of replevin, with undertaking, affidavit, issuing alias summonses, issuing subpoenas, continuances, all notices of hearings before and after trial or judgment, trial, judgment and satisfaction	$45.00 ~~$20.00~~		
12.	For attachment before judgment (for rent) with affidavit and writ, issuing summonses, issuing alias summonses, issuing subpoenas, continuances, all notices of hearings before and after trial or judgment, trial, judgment and satisfaction	$45.00 ~~$20.00~~		$10.00
13.	For attachment before judgment (for rent) affidavit, copies, etc., trial, judgment and satisfaction		$10.00	
14.	For issuing alias writ of attachment before judgment, alias writ of replevin, and alias writ of attachment before judgment (for rent)	$5.00	$5.00	$5.00
15.	For issuing writ of Fieri Facias or writ of execution	$10.00 ~~$5.00~~	$5.00	$10.00 ~~$5.00~~
16.	For issuing writ of Distringas	$5.00 ~~$2.00~~	$5.00 ~~$2.00~~	$5.00 ~~$2.00~~
17.	For issuing triplicate certificate of judgment	$10.00 ~~$5.00~~	$5.00	$5.00
18.	For issuing transcript of record	$5.00 ~~$1.00~~	$1.00	$5.00 ~~$1.00~~
19.	For filing motion ~~for new trial, for motion to vacate judgment, for motion for judgment NOV, and for motion to reinstate~~	$10.00	$5.00 ~~$1.00~~	$10.00 ~~$1.00~~
20.	For writ of restitution	$10.00		$10.00 ~~$2.00~~
21.	Demand for jury trial	$75.00 ~~$20.00~~	$75.00 ~~$20.00~~	$75.00 ~~$20.00~~
22.	For making and comparing a transcript of record on appeal, per page	$.50 ~~$.25~~	$.50 ~~$.25~~	$.50 ~~$.25~~
23.	For filing condemnation cases ~~and for all services to be performed therein~~	$45.00 ~~$20.00~~		

		CA	SC	IT
24.	For filing libel cases ~~and-for all-services-to-be-performed~~ therein	$45.00 ~~$20.00~~		
~~25.~~	~~For-filing-cases-involving substantially-retarded-persons and-for-all-services-to-be-performed-threin~~	~~$20.00~~		
25.	For filing change of name cases ~~and-for-all-services to-be-performed-therein~~	$45.00 ~~$20.00~~		
~~27.~~	~~For-filing-cases-substituting trustees-and-for-all-services to-be-performed-therein~~	~~$20.00~~		
26.	For services of a judge as arbitrator or conciliator	See Rule 1-11 Civil Arbitration 2-15-82	$100.00/hr. ~~$50.00/hr.~~	
27.	For filing a notice or commission to take the deposition of a witness in the District of Columbia for use in foreign jurisdiction OR For issuing ~~subpoena~~ a commission to take deposition of witness for use in foreign jurisdiction.	~~6.25~~ $5.00 ~~6.50/ea.~~		
28.	For issuing each alias summons	$5.00	$2.00 ~~$1.00~~	$5.00
29.	For issuing each subpoena		$2.00 ~~$1.00~~	
30.	For appointment of special process server	$5.00	$2.00 ~~$1.00~~	
31.	For oral examination of debtor	$5.00	$5.00 ~~$2.00~~	
32.	Each copy or photo copy of any order or pleading furnished by the Clerk, per page or portion of a page	$.50	$.50	$.50
33.	Filing Notice of Appeal	$5.00		$5.00
34.	For filing motion to reinstate after dismissal under Rule 41-I	$25.00		$5.00

COMMENT: Attention is called to the provisions of D.C. Code 1981, §15-713, ~~(1967-edition)~~ which prohibit in any class of case return of a jury fee if demand for jury trial is withdrawn less than three (3) days before the trial date.

SCR Civ 305

TRUST FUNDS; FIDUCIARIES

(a) (unchanged)

(b) (unchanged)

(c) (unchanged)

(d) AUDITOR-MASTER FEES FOR REVIEW OF FIDUCIARY ACCOUNTS. The clerk shall be paid a fee for all audits and examinations made pursuant to this Rule according to the fee schedules hereinafter set forth, and in every such case the fee prescribed herein shall be deemed a reasonable fee for the services rendered by the Auditor-Master.

(1) AUDITS AND EXAMINATIONS UNDER PARAGRAPH (b). The fee to be assessed by the Deputy Auditor-Master for audit and examination of an account and report to the Court pursuant to paragraph (b) of this Rule is set forth in the schedule below. ~~In assessing the fee, the Auditor-Master shall use as a basis the fair market value of the gross estate as shown on the account filed by the fiduciary.~~

			Costs
$ 500	or less		No Cost
500.01	to	2,500	$ 15
2,500.01	to	10,000	50
10,000	but less than	25,000	75
25,000	but less than	50,000	125
50,000	but less than	75,000	200
75,000	but less than	100,000	300
100,000	but less than	500,000	500
500,000	but less than	700,000	750
700,000	but less than	1,000,000	1,200
1,000,000	but less than	2,500,000	1,700
2,500,000	but less than	5,000,000	2,200
5,000,000	and over		2,200 plus 0.02% of excess over $5,000,000

~~Provided, however, in no case shall the annual audit fee be in excess of $2,500 unless the Auditor-Master has obtained prior Court approval to charge a fee in excess of that sum.~~

In addition to the fee prescribed in the above schedule, in those instances where, during the course of the audit, the Auditor-Master finds it necessary to take testimony and/or obtain records, documents or other written instruments not furnished by the fiduciary, the Court may allow such additional fees and costs as it may deem proper.

(2) EXAMINATIONS UNDER PARAGRAPH (f). In all cases where, pursuant to paragraph (f) of this Rule, the account of a fiduciary has been approved without audit ~~reference to the Auditor-Master, the Auditor-Master shall be paid a~~ the fee for examination of securities and verifying deposits upon the basis of their total value~~,~~ ~~according to~~ is in accordance with the following schedule:

	Costs
Less than $2,500	No Cost
$2,500 but less than $10,000	$15
$10,000 but less than $50,000	$30
$50,000 plus	$60

provided, that the fiduciary may require securities to be examined where they are kept, in which event there shall be an additional fee of $25, ~~the Auditor-Master shall be paid an additional $5.,~~ but credit will not be allowed therefor unless in the Court's opinion the expenditure was justifiable.

(3) COURT COSTS ATTRIBUTABLE TO REAL ESTATE IN THE DISTRICT OF COLUMBIA. Additional court costs in the amount of $25 shall be assessed in all accounts wherein real property or properties in the District of Columbia, of whatever value, are carried as an account asset. If proceeds of the sale of real property are included, court costs shall be assessed in accordance with subparagraphs (d)(1) and (d)(2) of this rule.

(4) COMPUTATION OF COURT COSTS. For the purposes of determining the initial costs under paragraph (d) of this rule, the value of the account shall include: (1) the initial gross principal value of the assets of the account as determined by the Deputy Auditor-Master; (2) the gross value of any increase in the principal value of any account realized upon disposition (other than upon distribution to beneficiaries of the account) by the fiduciary; and (3) the gross value of any income reported by the fiduciary in periodic accounts to the Court, but shall exclude the value of real property in the account except as otherwise provided in subparagraph (d)(3) of this rule. In determining the court costs upon the audit of subsequent accounts, allowance shall be made for costs previously assessed.

(5) TIME OF PAYMENT. The costs to be collected by the Deputy Auditor-Master under this paragraph shall be paid at the time of filing the first account except as otherwise provided herein. Subsequent costs, if any, determined under paragraph (d) of this rule shall be assessed and paid at the time of filing each subsequent annual account of the fiduciary.

(6) ~~(3)~~ REVIEW OF FEES. (unchanged)

(e) (unchanged)

(f) (unchanged)

(g) (unchanged)

(h) (unchanged)

(i) (unchanged)

(j) (unchanged)

(k) (unchanged)

(l) (unchanged)

SCR Crim 37

APPEALS

The fee for the filing of a notice of appeal in a criminal case shall be $5.00. Appeals from judgments or orders of the Court to the District of Columbia Court of Appeals shall be governed by the Rules of the latter court now existing or as hereafter modified.

COMMENT: This rule merely directs reference to the Rules of the District of Columbia Court of Appeals in taking an appeal to that court from the Superior Court.

FEES

Fees shall be as indicated below (where applicable) for actions in the Family Division

1.	For filing complaint, petition using summons notice of hearing and order to appear, order to show cause and any aliases, issuing subpoenas, continuances, all notices of hearing before and after trial or judgment, trial, judgment	$45.00	~~$5.00~~
2.	For taking affidavit or affirmation	$.50	~~$.25~~
3.	For issuing attachment on a judgment	$10.00	~~$1.00~~
4.	For short copy of judgment, release, dismissal, condemnation, etc.	$5.00	~~$.50~~
5.	For filing intervening petition	$45.00	~~$5.00~~
6.	For attachment before judgment against non-resident etc., with bond, affidavit, and writs, issuing summonses, issuing alias summonses, issuing subpoenas, continuances, all notices of hearing before and after trial or judgment, trial, judgment and satisfaction	$45.00	~~$5.00~~
7.	For issuing writ of Fieri Facias or writ of execution	$10.00	~~$1.00~~
8.	For issuing triple certificate of judgment	$10.00	~~$1.00~~
9.	[VACANT]		
10.	Each writ of Habeas Corpus	$10.00	~~$1.50~~
11.	Each writ of Ne Exeat	$10.00	~~$1.50~~
12.	Each certificate of official character, including seal	$1.00	~~$.50~~
13.	Each copy or photo copy of any order or pleading furnished by the Clerk, per page or portion of a page	$.50	
14.	For certification thereof, including seal	$1.00	~~$.50~~
15.	For filing motion to reinstate after dismissal under Rule 41(f)	$25.00	~~$3.00~~
16.	For searching the records of the court for each judgment, decreee, or other instrument	$2.00	~~$.50~~
17.	Certifying the result	$1.00	~~$.50~~
18.	For application for a marriage license (includes issuance)	$12.00	~~$.50~~
19.	For issuance of a "100 word form".	$.50	~~$.15~~
20.	~~For each marriage license~~	~~$2.00~~	
	VACANT		
21.	~~For each certified copy of a marriage license return~~	~~$2.50~~	
	VACANT		
22.	For each certified copy ot application ~~for~~ or marriage license	$5.00	~~$2.50~~

23.	For registering authorizations to perform marriages and issuing certificate	$25.00	~~$5.00~~
24.	Seals	$.50	
25.	Oaths	$.50	
26.	Search Fee	$2.00/year	
27.	Copy of certificate of authorization to perform marriage	$5.00	
28.	Duplicate marriage licenses (if license is lost)	$2.00	
29.	Domestic Relations filing fee for divorce, adoption, support or custody matter	$45.00	
30.	Filing notice of appeal	$5.00	
31.	For filing cases involving mentally retarded persons	$45.00	
32.	For issuing each alias summons	$5.00	

The charges for any item not set forth above shall be the same as those specified in the schedule of fees for cases under Rule 202 of the Superior Court Rules of Civil Procedure.

> COMMENT: Following the general consensus of the Committee these fees correspond to those as set by Superior Court Civil Rule 202. The fee schedule in use in the Domestic Relations Branch is incorporated for specific items peculiar to the practice. A general reference is made to the Civil Division rule to cover those rare instances that might make this necessary. As a result fees for all complaints and petitions are standardized. It is anticipated that only fees nos. 13 and 14 will be applicable to juvenile and neglect proceedings.

SCR-P.D. 125

COURT COSTS

(a) ADMINISTRATION OF DECEDENTS' ESTATES (TESTATE AND INTESTATE).

The court costs to be assessed and collected by the Register of Wills in the administration of decedents' estates shall be assessed on the basis of the value of the probate estate, excluding real estate, at the following rates:

(1) (unchanged)

(2) (unchanged)

(3) (unchanged)

(4) COMPUTATION OF COURT COSTS. For the purposes of determining initial costs under paragraph (a) of this rule, the value of the probate estate shall include (i) the initial gross principal value of the assets of the probate estate as determined by the Register of Wills, (ii) the gross value of any increase in the principal value of any probate asset realized upon disposition (other than upon distribution to beneficiaries of the estate) by the Personal Representative, and (iii) the gross value of any income reported by the Personal Representative in periodic accounts to the Court, but shall exclude the value of real property in the probate estate except as otherwise provided in paragraph (a)(3) of this rule. ~~If-any-account-of-a Personal-Representative-reports-a-greater-gross-value-of-a probate-estate-than-the-gross-value-of-the-probate-estate-previously-reported-by-the-Personal-Representative,-or-previously determined-by-the-Register-of-Wills,-the-Register-of-Wills-shall assess-such-additional-costs,-if-any,-as-the-increased-value requires-under-paragraph-(a)-of-this-rule.~~ In determining the court costs upon the audit of subsequent accounts, allowance shall be made for costs previously assessed.

(5) TIME OF PAYMENT. (unchanged)

(b) (unchanged)

(c) (unchanged)

(d) MISCELLANEOUS CHARGES.

ITEM	COSTS
(1) For filing cases substituting trustees and complaints under SCR-PD 107	$45 ~~$25~~
(2) Administration of Estates not in excess of $10,000:	
(A) Under $500	No Cost
(B) $500.01 to $2,500	$15
(C) $2,500.01 to $10,000	$50
(3) Additional letters of administration or guardianship and non-resident certificates	$1 per copy
(4) Copies of documents	$0.50 per page plus $0.50 for certification

(5) To docket claim	$1
(6) To search records	$1
(7) Rule or order to show cause, objections to accounts, notice of appeal, miscellaneous motions, etc.	$5
(8) To attend safe deposit box opening	$25

(e) (unchanged)

(f) (unchanged)

SCR Tax 4

FORM AND STYLE OF PAPERS, FILING OF DOCUMENTS, FEES

(a) (unchanged)

(b) (unchanged)

(c) (unchanged)

(d) FEES. The fee for filing a petition shall be $45.00 ~~$5.00~~. Such fee shall be assessed only upon the first filing of the petition, whether formal or informal. In addition to the filing fee in Civil tax cases, the Chief Deputy Clerk may assess costs or fees according to the Civil and Family Fee Schedules for comparable services rendered. ~~There shall be no other fees for filing documents in the Tax Division.~~

Proposed Amendments to SCR Tax 16

APPEALS

The fee for the filing of a notice of appeal in either a civil or criminal tax case shall be $5.00. Decisions in civil proceedings before the Tax Division are subject to review by the District of Columbia Court of Appeals under the Rules of Procedure of that Court.

BY THE COURT:
February 11, 1982

H. CARL MOULTRIE I
CHIEF JUDGE

POLICE AND FIRE DEPARTMENTS

STATEMENTS OF:

MAURICE TURNER, CHIEF OF POLICE

SAMUEL MORRISON, DIRECTOR, OFFICE OF FINANCE AND MANAGEMENT

ANTHONY AMATO, DIVISION CHIEF OF THE BUDGET OFFICE

THEODORE R. COLEMAN, ACTING FIRE CHIEF

SHIRLEY CURTIS, BUDGET ANALYST, FIRE DEPARTMENT

SUBCOMMITTEE PROCEDURE

Senator D'AMATO. Our second panel of witnesses is Chief Maurice Turner of the Metropolitan Police Department and I'm going to ask Acting Fire Chief Theodore Coleman of the Fire Department also to come up. Do we have enough chairs? OK.

Chief Turner, we're pleased to have you here and I believe last year you were the chief-designate, so I'm sure it's looking a lot different from the perspective that you now have and maybe you and your colleagues would like to introduce yourselves. Then, of course, you may proceed with your statement.

INTRODUCTION OF AGENCY WITNESSES

Mr. TURNER. Thank you, Mr. Chairman.

It is, indeed, a pleasure to be the Chief of Police and I enjoy the challenges that we meet on a daily basis. I have with me the financial management officer of the Metropolitan Police Department, Lt. Samuel Morrison, and his assistant, Mr. Tony Amato.

Senator D'AMATO. That's a nice name.

STATEMENT OF MAURICE TURNER

Mr. TURNER. Good afternoon, Mr. Chairman, members of the committee, it is a pleasure to have this opportunity to appear here today to present the Metropolitan Police Department's proposed budget for fiscal year 1983, and to elaborate on the department's ongoing and planned strategies to combat crime.

This budget request amounts to $128,142,800. It will fund 3,880 uniformed members and 548 civilians for a total of 4,428 positions. The Mayor and I believe that the fiscal year 1983 budget represents a favorable level of human resources and materiel assets that will increase street patrol visibility and enhance the department's present operational capabilities. We anticipate that the programs and initiatives that are planned in fiscal year 1983 will lend a tremendously high level of support to the efforts already in progress.

Over the past several months, the Metropolitan Police Department has been carrying out an aggressive campaign to reduce crime, with special emphasis being placed on eradicating the sales and purchases of drugs on city streets.

I have frequently stated that narcotic users who must illegally support their addiction are the principle cause for the increased crime problem plaguing District residents. I perceive it to be a complex problem of international scope and consequences which must receive increased Federal intervention in order to bring about its ultimate control.

Last summer there was mixed reaction to our efforts to disrupt narcotics trafficking; our activities received considerable attention and review. Some accused us of simply moving the dealers and sellers from one street corner to the next.

But, I believe this tactic has produced positive results by making drug users and sellers aware that the sale and distribution of narcotics will not be tolerated on our city streets. At the present time, we are continuing to make numerous arrests, and confiscating large quantities of handguns and rifles. Additionally, we are making it more difficult for drug traffickers to carry out drug transactions and sales within the District of Columbia. I might add that the drugs which are being brought into our community today—specifically heroin—is of a higher purity, and can be purchased at a much cheaper cost than in previous years. Also, it is substantially more deadly.

However, I would be remiss if I did not acknowledge the tremendously high level of community support that this department has been receiving over the past year.

Citizens are coming to the aid of police and assisting us as never before. Residents are organizing to form block watch and community watch programs in every quadrant of the District. During the past year we have helped to organize over 500 neighborhoods. The residents of these communities have become our eyes and ears; they are frequently alerting the police to suspicious persons and activities; many are obtaining good descriptions of suspects, autos, and license plates; but more important, they are looking out for one another. As a District Government agency, we have probably done more to develop friendships between neighbors than any one organization during recent times.

This highly organized effort has clearly demonstrated that in communities and neighborhoods where residents are alert and constantly looking out for each other, they will experience a substantial decrease in crime, particularly in incidents of burglaries and robberies.

The Mayor and I believe that it is most imperative that we continue to pursue this course of action. The more citizens who become involved and are willing to assist the police, the more rapidly we will be able to bring crime under control. Presently, we are increasing the level of foot patrols and scooters in areas of high crime. I feel that we must get back to the type of beat patrol and deployment that the department utilized when I first became an officer 25 years ago. We will have officers patrolling in back alley ways, abandoned buildings, and in areas where the criminals have a tendency to frequent.

Additionally, the department is involving itself in a number of new patrol technique and alinements.

There is a program we designed that is labeled SCIP, which translates to sequential changes in patrol. It means that police districts are deploying different approaches in their patrol methods. Some days they will have more foot patrolmen than on others. They are using a mixture of casual clothes officers who may be used as decoys, and they are also using unmarked and marked vehicles so that patrol routes appear unpredictable and thus less likely to be spotted by criminals.

We must clearly understand that there is a preventive element of crime that is essentially perceptual; criminals are quick to pass the word that undercover officers in casual clothes are working a specific area or community. I am confident that this effort, in combination with highly visible mobile police patrol will discourage criminals from committing crimes.

I also believe that we are beginning to gain some benefits from our efforts of using more stakeouts, even though there is considerable risk and danger to officers in deploying this technique. I feel that we must make the criminal aware that when he enters a business establishment such as a jewelry shop or a grocery store there may be officers waiting.

Since I implemented this policy, robberies in small shops and stores are beginning to decline.

These initiatives, coupled with the transitioning of additional officers who had previously been assigned to administrative functions into street patrol, we will be able to sustain some of these programs on a continuing basis and also increase the frequency and facilitation of other programs.

A citizen concern that has frequently come to my attention involves residents who have been victimized, but who were afraid to come forth because they lacked confidence in the judicial process and the expedience of justice. Many feel that those offenders who have been arrested and charged with a crime will be back on the street the very next day, or in some cases the very same day. This is a very serious community issue that must be addressed by the legislatures at both the local and Federal levels.

Quite recently, I was reviewing some of the data that had been gathered by the department's career criminal, recidivist unit. These statistics reveal that repeat offenders account for a very high percentage of adult and juvenile crimes. In essence, the Police Department is arresting many criminals who are serving short sentences and committing additional crimes soon after they are released.

A program we recently developed to address this issue is the repeat offenders unit. Mayor Barry and I formally announced its implementation less than 1 month ago. This program involves a squad of 88 highly trained officers who will be identifying, arresting, and incarcerating repeat offenders.

The department is aware that a relatively small number of criminals are responsible for committing a disproportionately large amount of crime. We feel that the way to reduce the current crime rate is to lock up as many repeat offenders as possible.

As I see it, the criminal justice system is a complex and intricate process that requires a great deal of coordination between police and prosecutors, legislators and judges, local jurisdictions and the Federal Government.

If we are to return the streets of our city to the law-abiding citizens, our crime prevention programs and initiatives must work. The criminal must realize that when he commits a crime, justice will be swift and sentencing stringently appropriate.

As a society, we can not tolerate lawlessness; as a city we must face squarely the issues of street crime and criminal justice reform and remain very firm in our ongoing commitment to crime deterrence.

The appropriations we are requesting in fiscal year 1983 meets with my expectations. It will provide the resources and impetus to improve public safety and will improve the quality of police protection and services to residents, citizens, and neighborhoods within the District of Columbia.

Thank you very much, I will respond to any of your questions.

I would just briefly like to add that the day-to-day challenges of the department are continual. They are increasing. The major problems that we are confronted with now were highlighted in testimony just prior to this when you had members of the judiciary here, which centered around the repeat offenders and the daily problems that are encountered by the Metropolitan Police Department in its dealing with drugs in the community.

We have taken a pro-active approach and tried to alleviate some of these problems and just recently we have put together an 88-man repeat offender unit. That unit, since May 5, has been very productive. I am somewhat apprehensive about their overall effectiveness because I think the actions taken by this unit have not produced the desired results because when we arrest these offenders the pretrial detention does not occur, that they are immediately released on personal recognizance. I think probably the main ingredient that is not taken into account when these individuals are arrested and taken to court is the danger that they present to the community, and with that I would be glad to answer any questions that you have, sir.

REACHING LEVEL OF 3,880 POLICE OFFICERS

Senator D'Amato. Chief, last year you and the city administration agreed to increase the number of police officers to a total of 3,880. They were scheduled to be on board by July of this year. What progress have you made and will that 3,880 figure be reached?

Mr. Turner. First let me say, Mr. Chairman, in December 1981 we hired 177 police officers, most of them have successfully completed the Police Academy and now are performing street duties. The District of Columbia government contracted with McMann Associates of Philadelphia, Pa. to administer a new entrance level examination for police officers. That exam was administered on April 10 of this year.

We were promised a 10-day turnaround for those individuals who had passed the examination by McMann Associates. It wasn't until 2 days ago, June 15, 1982, that the test results were made available to the D.C. Office of Personnel. I have been assured by the D.C. Office of Personnel that by Tuesday of next week I will have the lists of eligible candidates who will undergo our preemployment screening process and qualified candidates will be hired to fill existing vacancies.

Currently, we are at a level of 3,720 police officers; so we are 168 officers short. I feel very comfortable that, when given the list of 1,100 participants that took the examination, somewhere between 700 and 800 will have passed the examination, and by the end of August we will be able to do the necessary screening to bring the department up to its full complement.

SOLVING THE PROBLEM OF ATTRITION

Senator D'AMATO. One of the problems, chief, is the continuing problem of attrition. Will your plan provide for a continuing effort at recruitment and retention so that we can stay ahead of that situation and not have to play catchup under great pressure?

Mr. TURNER. In our long-range planning, Mr. Chairman, we took into consideration the attrition problem. I think last year we were losing around 11 members a month. Currently it's somewhere between 9 and 10 members a month. We anticipate around 12 members a month or 144 people a year attrition. We feel that once we have reached the authorized level we can process additional candidates on a regular basis and thereby maintain the department at 3,880 sworn members.

I feel very comfortable with that.

INCREASE IN NUMBER OF DETECTIVES

Senator D'AMATO. Senator Stevens is very concerned and I share his concern in regard to the number of detectives that have been recruited in the overall or promoted into the overall increase in police activity, particularly as it relates to the robbery squads. Will you be making a move to increase the force in terms of detectives?

Mr. TURNER. We made a manpower study, Mr. Chairman, on the robbery branch about 3 months ago. That manpower study has indicated that there is a need for increased detectives in that unit. Robbery is a crime against persons. It's a very violent crime and gives the perception that the District is unsafe. And in order to abate crimes of this type we are gearing up to put more detectives in the robbery branch.

Senator D'AMATO. I take it, then, you are indicating that this will be a commitment, a personal commitment that you and the administration make to move in that direction?

Mr. TURNER. Yes, sir, it is.

Senator D'AMATO. I'm wondering if you could not, at some date within the next week give to this subcommittee a statement in terms of what, or some numbers in terms of how many detectives are presently on duty, where they are assigned, to what units, and what you project to be the movement in terms of the personnel increases in these various units, if any at all, but I share this with you. There is a deep concern among the Members of Congress here and, you know, I haven't gone out on the stump on this and since I've been chairman of this subcommittee I've attempted to work with the city officials and particularly the uniformed services. You've got enough problems, both police and fire and others, that we don't have to be grandstanding.

But I want you to know and share with you that there is a very deep concern that in these areas, as you have outlined, the perception of an area, of a community, that's unsafe, becomes more heightened.

PROBLEM OF RECIDIVISM AND THE REPEAT OFFENDER

I'd also like you to suggest to us in writing what you think could be done within the present framework of the law to aid in dealing with the recidivism, the problem whereby 60 percent of the younger people in the juvenile area seem to be committing crimes while they are out pending or awaiting action on a charge that is pending against them, and that's a shocking figure. You no sooner get that person into custody, have him or her arraigned, and they're back out on the street. Maybe sometimes with even increased swagger and maybe now with the heightened need to gain more in the way of financial strength because now they have to pay for a lawyer and the criminal charges that are facing them, and that's a sorry, sorry spectacle when that takes place, because the public pays.

So I'd like, if you'd care to speak to that now, but I certainly would like from you your suggestions or from the Department as to what you would suggest, in a practical way, what you see some of the problems are so that maybe we can see if we can help in aiding you in getting the criminal element off the street.

Mr. TURNER. Mr. Chairman, the Mayor and I speak almost on a daily basis about public safety in the District, that we are concerned foremost about public safety, and express those views with my top administrative staff in our daily discussions of how to solve the problem.

As I see it from the position that I sit in, the department is doing a tremendous job. The frustration is at the repeat offender level. The repeat offenders, of whom a large number are drug addicts, drug users, and drug abusers. Just last month, the month of May, the average sampling came back at a 7.2 percent purity level. This is what is being injected into the veins of the individuals on the streets of the Nation's capital.

In 1978 the District had seven overdose deaths as a result of people abusing heroin.

In 1981 we had 115 overdose deaths. So, it's an increase that is tremendous in number. And I strongly believe that we have a new generation of addicts and as a result of that new generation of addicts supporting their addiction they are robbing, stealing, and burglarizing. As long as we continue to tinker and toy with these same individuals in the judicial system we're going to continue to have problems.

I have some very strong observations of some things that I would like to see changed in the judicial system and the criminal justice system and I certainly will furnish to this committee those observations for the record.

SUPPORT FROM THE CONGRESS

Senator D'AMATO. Good. I'd appreciate that and I can tell you this, that if you can make that available to us, it would go a long way, I believe, toward increasing and gaining additional support from the Congress in this battle, and it's a battle that you can't wage alone. I think it's imperative, I think it's the No. 1 problem that we face, not only in the District of Columbia, but in most of our metropolitan areas throughout the country.

The quality of life is absolutely affected and it has been so badly impaired that people do not feel safe. Forget about walking on the streets. No one does that. When I get out of a car at night I want you to know that I look around two and three times and I watch everybody with great fear and trepidation and that's an incredible kind of thing to have to live with. Now people don't feel safe in their homes.

Let me say this for the record so that it does not appear that I am just singling out the District. But this is a situation, to a greater or lesser extent, that exists in many, many, many of our metropolitan communities throughout this Nation. It's just incredible, intolerable—and it knows no bounds in terms of wealthy neighborhoods or suburban neighborhoods. You could feel relatively free from the incidence of violence on one's person at some point in time in our history by moving to a nice, quiet area. That is no more. No one is safe.

So, I would be interested in your observations and let me say this to you: It's a sorry day that when the Nation's capital has such an incredible problem. I think it reflects poorly upon all of us. This is not just you and there you are out there, as you say, with the recidivism, you arrest them, back out on the streets, back out to support that habit, back out preying on John Q. Public, the citizen, and it is an incredible thing and I would think that we should have enough in the way of ability and strength and possess it here in the Nation's capital to be able to deal with some meaningful changes, if they are necessary, in the law, and if there is adequate law, then to see to it that that law in terms of pretrial retention be utilized.

This business about saying that, "Well, it's not enough time, we can only hold them for 60 days," I think that that may be somewhat of a copout, and I think that makes your job that much harder. It's a heck of a lot better to get those people off the streets for at least 60 days than to just say, "Well, 60 days isn't enough time, so therefore we won't use that procedure."

OBTAINING SUPPORT FROM U.S. ATTORNEY AND THE COURTS

So, I would like your input into that and then maybe what we'll have to do is set about having a meeting with the U.S. Attorney in this area, with yourselves and with the court officials to see if we can't set up a program and see to it that we do the best we possibly can under the existing law and, if necessary, if there is a need for amendments to the law to strengthen your position and your ability to do that.

[The information follows:]

QUESTIONS SUBMITTED BY SENATOR D'AMATO

METROPOLITAN POLICE DEPARTMENT

SENATOR D'AMATO:
1a. How many Detectives are currently on duty (assigned)?

CHIEF TURNER:
1a. There are currently 432 Detectives on duty.

SENATOR D'AMATO:
1b. Where are they located within the Department?

CHIEF TURNER:

		Detective I	Detective II	Totals
1b.	First District	1	38	39
	Second District	1	27	28
	Third District	1	38	39
	Fourth District	2	25	27
	Fifth District	1	21	22
	Sixth District	-	15	15
	Seventh District	2	19	21
*	Criminal Investigations Division	10	123	133
	Youth Division	-	16	16
	Special Operations	1	3	4
	Training Division	-	3	3
	Morals Division	3	61	64
	Investigative Services.	1	20	21
	TOTALS	23	409	432

* Below is the manpower configuration of Detectives in the Criminal Investigations Division

Homicide Branch	4	32	36
Robbery Branch	1	30	31
Sex Offense Branch	3	15	18
Consumer Fraud	-	2	2
Burglary/Arson/Pawn	-	13	13
Check Unit	-	10	10
Auto Theft	-	3	3
Career Criminal	2	5	7
Recidivist Unit	-	2	2
Line-Up Unit	-	3	3
Fugitive Unit	-	8	8
TOTALS	10	123	133 *

** Not included are Supervisory Personnel, Sergeants, Lieutenants, etc.

SENATOR D'AMATO:
1c. What do you project to be the movement in terms of the personnel increases in the various units?

CHIEF TURNER:
1c. There is a projected increase of 7 Detectives for the Robbery Branch and as future studies recommend manpower realignment will be made according to need.

SENATOR D'AMATO:
2a. What measures can be taken to deter Recidivists (especially young offenders) from committing crimes while on the street pending trial.

CHIEF TURNER:
2a. As a measure to deter recidivists the Metropolitan Police Department recently established the Repeat Offenders Project. This special program is designed to reduce adult and juvenile recidivism by discouraging these offenders from committing additional crimes while they are on the street pending trial. The project consists of an 85 member task force which is divided into teams of undercover officers who are working throughout the city following and apprehending known criminals in the act of committing crimes. The task force which began on May 3, 1982 is comprised of some of the most experienced officers on the force who are very knowledgeable of the legal ramification involved in criminal apprehensions and individual rights. As of June 14, 1982 the task force has made a total of 91 arrests, of which 7 were juveniles.

SENATOR D'AMATO:
2b. List current problems incurred with the existing adjudication process; referencing the bail reform issue(s).

CHIEF TURNER:
2b. Obviously there are many problems which confront the Criminal Justice System, but among these problems which impact heaviest upon the Police Department and citizens is the lack of judicial and penal resources which inhibit police from expeditiously and permanently removing offenders from city streets.

Additionally, we are also aware that the 1966 Bail Reform Act and the Court Reform and Criminal Procedures Act of 1970 were both intended to provide the court with a wider range of pre-trial release options without total reliance on bail.

However, the responsibility for invoking the pre-trial conditional detention statute rests totally with the U.S. Attorneys Office, but in the past this pre-trial detention option has not been utilized to the fullest.

SENATOR D'AMATO:
2c. How can these problems be resolved?

CHIEF TURNER:
2c. These existing problems can only be resolved through continued coordination and cooperation with prosecutors and judges, and a total commitment by local and federal legislators toward improving the services, processes and capabilities of the juvenile and adult Criminal Justice Systems.

NEED TO INCREASE SWORN OFFICER LEVEL

Senator D'AMATO. Now, let me ask you this. You have 3,880 that hopefully will be on board by August and you've indicated to this committee that there will be, and you'll submit some details in terms of an upgrading, an increase in the detective positions. I, for one, feel that that's moving in the right direction.

There are a number of us who have a feeling that additional manpower over the 3,880 might be in order, particularly given the epidemic, so to speak, and obviously if you go from heroin deaths of 8 or 10 in any 1 year and you're over 100 for last year, that that could be of some very meaningful help and aid.

What would your position be in relationship to that, to increasing that number over 3,880?

Mr. TURNER. I would certainly support the additional police officers if they were made available, but I feel comfortable that we can perform the job with the 3,880 police officers that we have.

Again, we deal with the same individuals repetitiously in and out of the system. The 88-man repeat offender unit that was put in place on May 2 of this year has identified approximately a thousand individuals. We have to prioritize them and put barometers on those types of individuals. Some we follow and we have caught about 46 in the actual act of committing the crime and we arrested others on warrants that we had been looking for for long periods of time.

We have tried to prioritize, with the U.S. Attorneys Office and with Chief Judge Moultrie, those individuals who come into the system. The goal is to not release them on personal recognizance, to give them a speedy trial and not necessarily that you had to give an individual a large amount of time, that justice was sure, that justice was swift that it didn't hang up for a long period of time and go through the appellate courts for these same individuals.

Let me sort of give you an analogy or an observation that I see. If I'm John Q. Citizen and I'm a holdup man and I hold up fast food stores, and most of the thieves say that once you hold up one, the rest are free. If I committed 100 holdups I would only be indicted for 3. When I'm sentenced I would probably get a concurrent sentence, so, in essence, you're doing time for one offense. The criminals know that they've got to support their attorneys fees, so they just keep going out committing crimes to pay their attorneys and to pay for their narcotic addiction.

So, it's not a question of the 3,880. It's a question of somebody saying it's about time that we are sick and tired of thieves, of addicts, preying upon the innocent members of the community. We want to incarcerate them.

I have 25 years' experience as a police officer. Twenty-five years' experience has taught me that some people are going to be bad apples and we're not going to rehabilitate them. So we need to do something else. We need to warehouse them and I feel very strongly about that.

SETTING UP MEETING IN NEAR FUTURE

Senator D'AMATO. Chief, let me thank you for your testimony, your candor, and your frankness. I'm going to see to it that a copy of that testimony is made available to some of my colleagues who share your concern. I'm going to also direct my staff to prepare for a meeting with you and the U.S. Attorneys Office, the Mayor, and the court system, after we receive those recommendations and I would hope that you would give them to us as speedily as possible.

Let's see maybe if we can't begin to turn this situation around and give you the support, at least from the Hill, although it may be public in nature, and put the pressure on where it has to be. If we've got to create some more judicial spots to see to it that there are those areas that get the proper attention in terms of the repeat offenders, then so be it. It's money well spent.

But as you said, it doesn't make much sense to go out there, and it has to be absolutely frustrating, to arrest the bad apple, so to speak, bring him in, have him bailed out, and have him continue on this spree, this crime spree, of holding people up and burglaries. It's just an incredible fiasco.

I am most concerned, as are the other members of this committee and other Members of the Congress. So, I thank you for your testimony. I see some encouragement in terms of the recruitment, in terms of your drive on the rescidivists. Let's see if we can't work together to help you. And if you'll get us that information and within the next 2 weeks I think we had better have that meeting that I have outlined to you.

Mr. TURNER. Thank you, Mr. Chairman.

Senator D'AMATO. Thank you very much.

[The statement follows:]

Questions Submitted by Senator D'Amato

METROPOLITAN POLICE DEPARTMENT

SENATOR D'AMATO:
In your other than personal services account the major increases are in the building rent, other services and charges, and equipment areas.

1. What are the specific cost items in these areas? Also indicate any other problem areas in this account?

CHIEF TURNER:
1. The increase shown for rent is not an increase in the cost of the rent, but rather a transfer of the previously existing rental budget from the Department of General Services to the Police Department for rental buildings used exclusively by the Police Department. The major item of increase in other services and charges is $428.4 thousands in the budget for medical services. This increase restores funds which were taken by City Council action in Fiscal Year 1982 ($372.0 thousands) and adds 8.6% to the base requirement ($56.4 thousands) for inflation. Other major items in other services and charges are local travel ($32.8 thousands); confidential funds ($30.0 thousands); automobile repair ($21.9 thousands) maintenance of equipment ($83.7 thousands); postage ($10.0 thousands). Major items of increase in equipment are purchases of equipment including portable radios ($404.5 thousands); purchase of autos ($69.4 thousands); rental of equipment ($45.9 thousands).

SENATOR D'AMATO:
$428,400 is shown as an increase for required medical services deleted by the Council.

2. Explain, their reasons and why it is necessary?

CHIEF TURNER:
2. The City Council reduced the budget for medical services because it was concerned with the cost efficiency of the Police and Fire Clinic. I have provided a detailed report to the Council concerning improvements in the Clinic's operation. Restoration of deleted funds is necessary to pay for hospital costs, the costs of medical specialists, etc.

SENATOR D'AMATO:
A savings of $138,700 is assured by reducing the amount for uniforms and clothing.

3. Will this reduce the amount of clothing allowance for detectives and how can this be done with more officers on the force?

CHIEF TURNER:
3. This will not reduce the amount of clothing allowance for detectives, presently budgeted at $225.0 thousands per year. Uniforms for the additional officers have been purchased in Fiscal Year 1982. The budget for replacement uniforms will have to be increased in future years.

SENATOR D'AMATO:
An increase in the base is requested for data processing equipment.

4a. Why is this necessary, has this equipment reached the end of its useful life?

CHIEF TURNER:
4a. The increase in question ($80. thousands) is to pay for maintenance of data processing equipment. This cost does escalate as the equipment becomes older. Although the equipment has not reached the end of its useful life, we are presently formulating a replacement plan outside the scope of this budget.

SENATOR D'AMATO:
4b. Is this related to the increase in equipment rental?

CHIEF TURNER:
4b. We anticipate an increase of $30.0 thousands in data processing equipment rental.

SENATOR D'AMATO:
You note that the cost of meals for prisoners has increased by 2/3.

5. Why does MPD bear this expense and not the Department of Corrections?

CHIEF TURNER:
5. These meals are for prisoners held overnight by the Police Department prior to being turned over to the D. C. Courts.

SENATOR D'AMATO:
Concerning your radio replacement program.

6a. How many will be replaced in 1983?

CHIEF TURNER:
6a. The 1983 Budget has funds to provide for the replacement of 157 radios which is in accordance with our radio replacement schedule.

SENATOR D'AMATO:
6b. What is the per copy price?

CHIEF TURNER:
6b. The per copy cost is $2,000 per radio.

SENATOR D'AMATO:
7a. Does each police officer have a radio when he is on duty?

CHIEF TURNER:
7a. No. Quite frequently officers perform street patrol without portable radios. On occasions we have up to 964 officers on duty and only 883 portable radios in inventory of which 5% are out of service for maintenance at any given time providing a net 839 radios for service.

Question No 7 - continued

SENATOR D'AMATO:
7b. If not, how many more would be required?

CHIEF TURNER:
7b. We have a shortage of approximately 131 portable radios for our present strength of 3720. When we reach our authorized strength of 3,880 we will require an additional 79 radios for a total requirement of 210 additional radios.

Additionally, we are implementing a replacement schedule. The manufacturer has recommended a 5 years schedule but we feel we can successfully use these radios for 7 years due to the efficiency of our maintenance program.

SENATOR D'AMATO:
8. Are there any other equipment requests that you made of the Mayor's office that were denied? If so, please indicate what and how much the request was for?

CHIEF TURNER:
8. The request to buy computer equipment for the amount of $172.0 thousands was denied.

SENATOR D'AMATO:
The MPD is making no capital budget request in 1983 although the 1982 CIP indicated an anticipated $6 million request.

9. What is the status of each of those projects, particularly the 7th District Station House?

CHIEF TURNER:
9. Funding for the design of the 7th District Station House is proposed for Fiscal Year 1984. Construction funds for the 7th District are planned for Fiscal Year 1985. Other projects of a permanent improvement nature will be handled with funds allocated to the Department of General Services for Police Department permanent improvements.

SENATOR D'AMATO:
Chief Turner, the Air Florida tragedy last January was a MPD operation.

10. Would you tell us about what occurred from your point of view; how the emergency response system worked and what was learned and what procedures have been changed as a result?

CHIEF TURNER:
10. As you may be aware, I formed a Special Task Force on emergency response immediately after the tragedy to focus in on the manner in which we responded to the emergency. In addition to the Air Florida accident, the Task Force looked into the Metro derailment and the immobilization of the city which was due to a major snow storm. Each of these events impacted upon the other in a

Question No 10 - continued

variety of ways affecting response. If there was any single immediately noticeable factor, it would have to be the abundance of resources arriving at the scene. The surrounding jurisdictions of Arlington County, the National Airport Fire Department and the United States Park Police, all responded in support of our units. This fact was addressed by the Task Force as a major command, control and communication issue. A concurrent recommendation was issued to ensure that mutual aid planning adjustments be instituted to define these areas such as on site command being immediately vested with District authorities in similar future situations on the waterways of the city. Additionally, they recommended that the Council of Governments study and establish an adequate regional emergency communications system for use in multi-jurisdictional disasters and to include the United States Park Police in future agreements.

Overall, the Task Force made 48 separate recommendations affecting nine functional areas i. e., Police and Fire jurisdiction and mutual aid agreements, metro emergency response, emergency communications systems, logistics, command post operations, community and media relations, hospital response and city and regional plans. The Task Force concluded by stating that the area public safety agencies did respond effectively to the emergencies.

Little immediate change is required of the Metropolitan Police Department however, as equipment is replaced we shall do so with a view to meeting the recommendations of the Task Force.

The Washington Council of Governments is presently incorporating the suggestions of the Task Force into an implementation plan to be released sometime this summer.

SENATOR D'AMATO:
11. What program measures will the Department watch to determine if the reduction in positions has affected your operating efficiency, also what are the current levels of those indicators and your 1983 goals for them?

CHIEF TURNER:
11. The Metropolitan Police Department is actively identifying those positions included in the Uniformed Strength of 3,880, for the purpose of civilianizing as many positions as possible. The product of this effort will enable us to gain maximum labor yield from those re-assigned sworn members, with police expertise and arrest powers, by placing them in the community. The Department is placing new emphasis on increasing productivity and operational efficiency by implementing a comprehensive work measurement program. A five year plan of accomplishment has been implemented. This plan encompasses improved work methods and procedures and the development of valid engineered time standards in all measurable areas. We will diligently monitor performance indicators internally that pertain to those administrative support functions that are being civilianized, e.g., computer operations, telecommunications, clerical support and recordkeeping, to ensure that increasing employee productivity has no adverse affect on the overall operation of the Department.

FIRE DEPARTMENT PRESENTATION

Senator D'AMATO. Turning now to the Fire Department. Our witness is Acting Chief Theodore Coleman.

Chief Coleman, would you like to proceed?

Mr. COLEMAN. Yes, sir. I have a prepared statement. Mr. Chairman, I would like to read it, sir, if I may.

Senator D'AMATO. Yes, sir.

STATEMENT OF THEODORE R. COLEMAN

Mr. COLEMAN. Thank you very much, Mr. Chairman.

I am Theodore R. Coleman, the District's new Acting Fire Chief. I appeared before you last year as Assistant Fire Chief with the former Fire Chief, Norman Richardson. However, this is my first opportunity to appear before you since I was assigned to this position.

I welcome the opportunity to explain the Fire Department's plan for fiscal year 1983 and account for the resources necessary to carry out that plan.

In fiscal year 1983 the District is requesting $46,369,000 in appropriations and 1,571 positions to operate the department.

These resources will maintain the fiscal year 1982 level of services plus certain adjustments to enhance the operation.

The most important part of any fire protection system is the effort to prevent fires before they occur. In fiscal year 1983 the District will allocate 52 positions at a cost of $1,388,300 to support this effort. This is seven more positions than are currently allocated. These positions will reestablish the Public Assembly Section abolished in fiscal year 1980, increase the number of fire investigators, and also increase the number of geographic inspectors.

The District estimates that it was able to save over $1 million in salary costs because of early retirements in fiscal year 1980. Until now these funds have been needed to pay overtime while the District government took over the entrance examination process from the United States Office of Personnel Management and resolved equal opportunity challenges to this process.

However, we plan to start off fiscal year 1983 with full employment and with all new employees current in their training; therefore, the savings can now be recognized.

In addition to recognizing the retirement saving, it has been necessary to redirect $1,078,000 and 20 positions from fire fighting salaries to meet the rising workload and cost in other parts of the fire suppression effort.

These redirections will help recoup the loss in buying power due to inflation, provide additional fire inspectors and ambulance dispatchers, and new long-duration breathing apparatus, a full-time women's program coordinator, and some reduction in the time required to train firefighters.

To assure sufficient funds to continue operating at the present 50 fire company level, the redirected funds have been replaced by an increase request of $1,224,800 and 22 positions, the resources necessary to support two companies.

Last November the Mayor established the Emergency Ambulance Service as a separate division within the Fire Department. This reorganization will allow the Emergency Ambulance Service the autonomy and flexibility it needs in order to continue meeting the increasing demand for its services.

About the same time, we were able to increase the number of ambulances that operate as mobile intensive care units from two to four through the introduction of intermediate paramedics which was authorized by the Council. With these modifications and the addition of three ambulance units authorized in fiscal year 1982, the division should be able to keep up with demand through fiscal year 1983.

Over the years the number of emergency ambulance calls handled by the communications division has grown tremendously. So has the amount of radio traffic required to handle them.

In fiscal year 1963 we responded to only 32,728 calls. In fiscal year 1983, we expect to respond to over 107,000 calls. Ambulances now routinely communicate patients' conditions directly to the hospital by radio and receive advice over the radio from a doctor at the hospital. Despite this increasing workload, the communications division is still staffed at the 1963 level.

The division has been reorganized increasing the number of ambulance dispatchers from one to three but because of the staffing authorization, it has been necessary to rely on overtime and light-duty firefighters to operate the additional dispatch positions. This is not a desirable situation because overtime exhausts employees, light-duty personnel have limited experience and training, and it limits the Fire Department's ability to expand its operation during large emergencies. To lessen these problems, we are requesting 10 positions for dispatchers.

The Fire Department's request for capital outlay funds is a modest one this year because of the extremely high interest rates that the District will have to pay for borrowed money, and because there are several previously-authorized projects that have not been completed. $750,000 was requested to purchase two pumping engines and one aerial ladder truck. $500,000 is requested for permanent improvements to fire stations.

This concludes my opening statement. I will be happy to answer any questions you may have.

AMBULANCE SERVICE AND RESPONSE TIME

Senator D'AMATO. Chief, during last year's hearings we discussed at length the District's ambulance service and at that time the response time to emergency calls showed an alarming upward trend. I note that you have added some three ambulances and 39 positions and I'm wondering if you have any information in terms of what response time is now. Has that improved?

Mr. COLEMAN. No, sir. The response time hasn't improved because, No. 1, we have been unable to bring on board the necessary ambulance personnel to man the ambulances. We do have the ambulances but because of the required experience and so on for the Ambulance Division, we have been unable to bring on the personnel.

But I have been working with the Office of Personnel to try to establish an entry-level emergency medical treatment (EMT) examination training course of some kind, whereby we'll be able to bring these people onboard and train them at the Fire Department Training Academy.

Senator D'AMATO. Well, I admire you for your candor or for your truthfulness. Sometimes those in public office who don't have the best news to give have a way of shading it and distorting it and so I have to say to you, Chief, that at least you're frank and forthcoming with the answers.

REPORT ON HIRING AND TRAINING AMBULANCE PERSONNEL

I had hoped to hear something different and I would ask the city's representatives, in addition to those on the Fire Department, to bring that message back to the Personnel Department that we want to see, within a 2-week period of time, a program outlined for the hiring and retention and training of the necessary personnel. That is absolutely an imperative that it is the least that the people of the District can expect and certainly the least that the Fire Department itself can expect. It can't operate a rescue and fire department if you've got your hands tied behind your back and you're not able to recruit the necessary personnel, and if that means you have to have a training program to get them ready for that, then we'd better do it, and, Chief, I want a report from you within the next week as to what progress the city has made in connection with my request to move into a serious program at recruiting and retention and training of the emergency medical services area, the ambulance service, because it's important, as you recognize.

You should not be impaired. So, if you need—well, you didn't ask for it but I'm telling you this is what's going to be and there are going to be some problems if we don't get that. So, let that serve as some ample notice and, again, I would point to the record of this committee as not having been one of confrontational in its attitude and we don't intend to be. But I take this as a very, very serious matter because I would like for there to be additional personnel and ambulances—I still don't think you're going to have enough, if you even had the personnel to operate those additional three.

INCREASE FOR AMBULANCES IN FISCAL YEAR 1983

I was going to say, "Well, what are we doing for 1983?" Let me ask you. Do you have plans to put on new ambulances for 1983?

Mr. COLEMAN. No, sir, we don't have any plans.

Senator D'AMATO. It certainly doesn't make too much sense to put on new ambulances if you don't have the personnel to maintain them and operate them. Isn't that right?

Mr. COLEMAN. That's right.

Senator D'AMATO. Well, I'd like to be able to, during some period of time, move for a supplemental and support an increase in the number of ambulances. I'm not going to ask that we start doing it now. That would seem kind of silly, if we don't even have enough personnel to maintain or to operate the three new ones that you do have, the additional ones. But I'm disturbed by that. I share that with you.

APPOINTMENT OF PERMANENT CHIEF OF AMBULANCE DIVISION

Let me say that I noted certain comments that were made during the middle of the campaign, statements that are made as, you know, in the nature of being made in political rhetoric. I've been through a number of those campaigns myself on the local level. But there is a question that has to be raised in terms of Chief Kilby. Is he going to be the permanent head of this operation or isn't he? He's the acting director now of the Emergency Ambulance Division, is that right?

Mr. COLEMAN. Yes, sir, that's correct.

Senator D'AMATO. Well, he's been there 14 months, maybe if he hasn't thought about a program of training maybe he shouldn't be there. I don't know. Is the Chief here now?

Mr. COLEMAN. No; he's not here with us this morning.

Senator D'AMATO. I mean, you're going to recommend him? He's the acting director. Is he doing a good job?

Mr. COLEMAN. Yes; he's doing a good job.

Senator D'AMATO. Are you being just protective now?

Mr. COLEMAN. No; I'm not being protective. I'm constantly in meetings with Chief Kilby and I feel that he's doing a good job.

Senator D'AMATO. When will there be a new director, then? Will he be appointed permanent director?

Mr. COLEMAN. I imagine he will, but at this time I don't know when.

Senator D'AMATO. Well, let the record show that, while I don't know Mr. Kilby and nobody came to me to lobby for him, but it seems to me that if he's been there for 14 months and he's doing a good job, then we should make him permanent. And if he's not doing a good job, and I question whether or not he's doing a good job because you don't have the personnel there, and I want to know why we don't have the personnel. That's a question to you and I want it answered within the next week, and what's being done. I want to know why and what's being done.

Mr. COLEMAN. Yes, sir.

Senator D'AMATO. All right?

Mr. COLEMAN. Yes, sir.

Senator D'AMATO. And I think it's important. I think you bring back the question, are you going to make him permament or not? If he's doing the job he should be permanent. If he's not doing the job he should be out. Make him something else. Bring in somebody else. I don't want to start running your city, but again, that's a glaring kind of situation.

If you told me, "Well, we're not sure," but if he's doing the job then I want to know why he's not the director and if he's not doing the job, and I have some questions too, in regard to that, I want to know why you don't replace him. I have my own doubts.

[The statement follows:]

STATEMENT OF MAURICE T. TURNER, JR.

F. D. FORM 19

GOVERNMENT OF THE DISTRICT OF COLUMBIA
FIRE DEPARTMENT
WASHINGTON, D. C. 20001

L.S.

ADDRESS REPLY TO
"FIRE CHIEF"
OFC

15 JUL 1982

The Honorable Alfonse M. D'Amato
Chairman
District of Columbia Subcommittee
  on Appropriations
United States Senate
432 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator D'Amato:

The Fire Department shares your concern regarding the need to reduce the response time for the delivery of emergency ambulance service and the need to recruit adequate personnel to staff ambulance units. We have taken several important steps to resolve outstanding issues and to improve our services.

With available personnel the Emergency Ambulance Division (EAD) has been able to operate fourteen-and-one-half ambulances on a full-time basis throughout fiscal year 1982. Through diligent processing by the Office of Personnel, from the pool of 39 certified applicants, 15-20 new hirees will be ready to commence training on July 26, 1982. These trainees will be available for ambulance duty on September 6. They will expand the Emergency Ambulance Division staff sufficiently to allow the addition of one-and-one-half ambulances to the current force of fourteen-and-one-half, bringing the total in the field to sixteen.

It is expected that 10-15 additional candidates will be certified through this process and be available for training by November of 1982. These technicians will be used to reduce EAD overtime and to field an additional ambulance, bringing the total to the authorized level of seventeen.

The above plan provides only a short-term solution to ambulance staffing issues. The long-term solution is dependent on our ability to develop a steady, dependable supply of qualified applicants.

In recognition of the critical staffing needs of the Emergency Ambulance Division, an intensive recruitment effort was undertaken by the Office of Personnel in April 1981 using a revised and more rigorous qualification standards than we had previously used.

Because of the rigorous qualification standards, the Office of Personnel was able to certify only 39 out of 277 applicants since April 1981. Two hundred thirty-eight (238), or more than 85 percent of all applicants, were rejected as unqualified, unfit, or unsuitable. For this reason EAD has not been able to move as quickly as desired in fielding its full complement of ambulances during fiscal year 1982.

The revised qualification standards for Emergency Medical Technicians (EMT) were adopted in an effort to upgrade ambulance services. They are based on the Federal X-118 standards which require that an entry-level EMT have two years of general experience and two years of specialized experience. In addition, the applicant must undergo nearly six months of processing which includes medical and psychiatric examinations, a background investigation including an FBI fingerprint check, District residency review, and interviewing. If the applicant is selected, they must then complete six weeks of training, at which point they are ready to serve as a DS-6 EMT earning $13,815 per year.

To obtain the full complement of EMT personnel, develop the necessary reserve to cover attrition and address the longer-term concerns in this area, a Task Force has been formed in the Office of Personnel which will investigate various options, including:

(1) The adoption of modified qualification standards. Although the District has adopted the Federal X-118 standards, these may be more stringent than necessary. A study of surrounding jurisdictions reveals that Alexandria, Fairfax, Montgomery, and Arlington counties do not have experience requirements for EMT's, although they do administer a pre-entrance examination. The D.C. Emergency Medical Services Advisory Committee (EMSAC) has drafted proposed Ambulance Regulations, which include revised qualification standards. The Office of Personnel will work with the EMSAC toward possible adoption of modified standards.

(2) The development of equivalencies for the DS-6 qualification standards. One possibility would be to design a test which, if passed, would substitute for some or all of the experience requirements. A second possibility would be to develop an EMT degree program in cooperation with the University of D.C. and/or other institutions.

(3) The development of an apprenticeship program which would yield applicants capable of meeting experience requirements. The Office of Personnel has found that many applicants for EMT positions fall short of the experience requirements by only one year or less. It may be possible to create apprenticeship positions at the DS-4/5 level for those and other interested applicants. They would then ride as an additional member of an ambulance crew and serve as an assistant until they could meet the DS-6 experience requirements.

In closing, I would like to stress that the D.C. Fire Department is committed to providing high quality, timely ambulance service to citizens and visitors of the District of Columbia. We deeply appreciate both your concern and support in this area and feel certain that through our joint efforts we can improve the City's ambulance operations.

Sincerely,

Theodore R. Coleman

Theodore R. Coleman
Acting Chief

cc:
Elijah B. Rogers
Gladys W. Mack
Jose Gutierrez

COMBINATION ENGINE COMPANY AND RESCUE SQUADS

Senator D'AMATO. One further question, Chief.

In terms of the economy measures and the consolidation of the engine companies and heavy-duty rescue squads, so that you have the flexibility of using the same personnel, is that really cost-effective? Is that the best way to operate? Does that promote some real problems with the men responding to a fire, the engines rolling from one call, then a rescue call comes in, such as the air crash.

We hope that those don't take place too often and those tragedies are few and far between. But then when the engine company is pulled back, does that present manpower problems in terms of that type of consolidation?

Mr. COLEMAN. Yes, sir, it does present a little problem for the men. They are dissatisfied because, as you know, when the engine company's out we don't have a rescue squad or vice-versa. When the engine company is summoned, the men get on the engine company. Should they get a squad run, then they get off the engine company and get on the squad. So that presents a problem.

Senator D'AMATO. Do you have any ideas as to what you might do to deal with that?

Mr. COLEMAN. No, sir, I really don't other than should the funds be available we could put them back in full service.

FUNDING REQUIRED FOR SEPARATE RESCUE SQUADS

Senator D'AMATO. How much in the way of funds would be necessary for that?

Mr. COLEMAN. We would need $612,000 per squad, so we're talking about $2.4 million.

Senator D'AMATO. I want to tell you something. I admire your candor, again, your frankness. You're laying it out on the line and indicating, yes, there is a problem with the men and then putting it forth that way. I'm not going to make any suggestion at this time. But I have always appreciated, and I think people should appreciate, someone who at least lets them know what the honest story is.

Sometimes we have a tendency of taking out the bad news on the person who brings it and that is certainly not the intent of this committee or this chairman, so I want you to know any of the remarks that I may have made in connection with the frustration, maybe, that I have in terms of observing this ambulance situation, certainly are not intended toward you or toward the work that you're attempting to carry out.

COMMENDATION OF BOTH FIRE AND POLICE CHIEFS

Let me comment to you that I know of no more difficult and more arduous work than those in the fire service, in the rescue area. It's an incredibly tough job. It's a difficult responsibility both to head it up and for the men on duty on a day-to-day basis.

I want to thank you and the Chief of Police for coming in and thank you for your cooperation. If you will follow through with what we're requesting here, I would deeply appreciate it.

Mr. TURNER. I will do that, sir. Thank you very much.

Senator D'AMATO. Thank you.

Mr. COLEMAN. Thank you, Senator.

SUBMITTED QUESTIONS

Senator D'AMATO. I have some questions which I will submit for responses for the record.

[The following questions were not asked at the hearing but were submitted for response for the record:]

QUESTIONS SUBMITTED BY SENATOR D'AMATO

FIRE DEPARTMENT

SENATOR D'AMATO:

1. In May, 1981 the Environmental Health Administrator of the District government visited two fire stations at the request of citizen groups and found several deficiencies. Have you asked EHS or your own inspectors to visit all 50 stations to determine the Citywide extent of these problems, if so, what did you find?

CHIEF COLEMAN:

1. The Fire Department has 50 firefighting units which operate from only 33 stations. At various times, the Environmental Health Administration has inspected eleven of the 33 stations. As of this time, the Department has not asked EHA to inspect the other 22 stations. Nine of the stations that were inspected are over 60 years old. The other two are between 40 and 60 years old. These facilities most serious problems are those which result in deterioration and obsolescence because of their age. All eleven have been programmed for either replacement or renovation; however, reductions in Capital funding have delayed the accomplishment of this schedule. Also, there has not been sufficient maintenance funding in the operating budget to undertake repairs of this magnitude.

SENATOR D'AMATO:

2. Each year each station sends you a report on the capital and equipment needs of that station. Are these reports compiled in a comprehensive volume for review by the Chief, if not, at what level are they reviewed and prioritized for remedy?

CHIEF COLEMAN:

2. The reports are reviewed by the Office of Program Planning and Management, which is in the Office of the Fire Chief, and responsible for long range changes in the Department's physical plant. They are also reviewed by the Property Section in the Administrative Division, which is responsible for routine repairs and maintenance. These two units set priorities in their respective areas according to the funding available.

SENATOR D'AMATO:

3. Tell us about the prioritizing process. Are there objective criteria that are applied to each request and is this process formalized by understood rules and regulations?

CHIEF COLEMAN:

3. The Department establishes priorities in much the same way as any maintenance operation does. First are emergencies where the defect is causing increasing damage or an immediate danger, such as water leaks, major electrical problems, or heating failures. Second would be problems that interrupt the operation of the firefighting and ambulance units. The repair of apparatus bay doors is a major cost in this area. Third would be repairs and maintenance that would protect the property and prevent further deterioration. A fourth category would be improvements to the facilities. However, funds are so limited that in actual practice we are seldom able to accomplish any work outside the first two categories.

In FY 1981 and FY 1982 only $185,500 was allocated in the Operating budget for repairs to buildings and grounds. For 37 installations, ranging from office space for Headquarters to a complete truck repair facility, there is an average funding of $5,013 per facility. The FY 1983 budget request allows only a modest increase of $34,000 making the average facility allowance $5,878.

Annually the Property Section submits items for insertion in the Capital budget based on their review of company requests and the accumulated maintenance records they have. These requests are reviewed by the Office of Program Planning and Management and the Budget and Accounting Section to see if they fit the District's very specific criteria for Capital items, and priorities are set according to the amount of funding that will be made available. The FY 1983 - 1988 District Capital Improvements Program allocates $500,000 each year for Fire Department Permanent Improvements.

The process for requesting and prioritizing is well established in the Department's Order Book and District regulations. However, what cannot be gleaned from these regulations is an appreciation for the specific effect of the dollar limitation.

SENATOR D'AMATO:
4. How are emergency repairs handled? What is the average time from a request and the remedy?

CHIEF COLEMAN:
4. Small repairs may be handled by the company with approval of their battalion Fire Chief. An imprest fund will reimburse them for any cost. Repairs that the company cannot handle are telephoned to the Property Section which arranges for either the Department of General Services or a contractor to do the work. Emergency repairs are usually made within 24 hours.

SENATOR D'AMATO:
5. In situations where equipment must be borrowed from one station to solve an emergency at another, how long does it take to replace that equipment? Are there currently any such situations - if so how long has the donor stations been without?

CHIEF COLEMAN:
5. Stations do not normally borrow equipment from each other. In situations where a station needs a piece of equipment replaced, the replacement is drawn from a central reserve supply, not from another station. Some of this reserve supply may be assigned to a particular station for administrative purposes - such as apparatus or space heaters; however, the intent is that the equipment be part of a pool to be used where it is needed at the moment.

SENATOR D'AMATO:
6. Because of the reduction in your capital budget please list the type and cost of fire apparatus that will not be replaced in 1983? Also give the revised date for each replacement?

CHIEF COLEMAN:
6. The Fire Department's apparatus replacement program was to replace five (5) pumping engines and one (1) aerial ladder truck each

year, and either a rescue squad or chemical truck every other year. Because of funding limitation we have not always maintained that schedule. The effect of this limitation in FY 1983 is that only two (2) pumping engines and one (1) aerial ladder truck will be purchased; three (3) pumping engines and one (1) rescue squad wagon will not be purchased. The short fall will require three (3) 1966 pumping engines and one (1) 1967 rescue squad to remain in service beyond 1984. Presumably these vehicles would be replaced from the FY 1984 buy which would be delivered in 1985.

Pumpers are estimated to cost $150,000 each in FY 1983 and rescue squad wagons are estimated at $180,000.

SENATOR D'AMATO:
7. Concerning the Emergency Ambulance Service, has this service been given greater status and recognition within the Department in the last year?

CHIEF COLEMAN:
7. On November 9, 1981, the Mayor reissued the Organization Order forming the Fire Department. This Order created an Emergency Ambulance Division separate from the Firefighting Division, and elevated the Director of the Emergency Ambulance Division to the rank of Deputy Fire Chief. This action means that the Division is now on a par with the other six divisions in the Department.

SENATOR D'AMATO:
8. During the double tragedies of January 13, 1982 how many Fire Department ambulances from the District were dispatched to each location and how many from other jurisdictions to each site?

CHIEF COLEMAN:
8. The District dispatched five of its own ambulance units to the 14th Street Bridge scene and also requested five additional units from Montgomery County, Maryland under mutual aid. We understand that three Virginia jurisdictions sent ten ambulances and National Airport had one ambulance on the scene.

The District had 13 of its own ambulances on the scene of the Metro accident. In addition to those there were 12 from other authorities: 5 from Prince George's County; 1 from Montgomery County; 2 from Bolling Air Force Base; 3 from Saint Elizabeth Hospital; and 1 from the American Red Cross.

SENATOR D'AMATO:
9. What is the rate of pay for a District firefighter, EMT, and paramedic compared to the surrounding jurisdictions?

CHIEF COLEMAN:
9. The starting rates of pay for the various positions are as shown below:

Jurisdiction	Firefighter	EMT	Paramedic
District of Columbia	$17,337	$13,815	$18,782
Alexandria, Virginia	16,574	17,201	18,050
Arlington, Virginia	17,432	20,554	22,777

Jurisdiction	Firefighter	EMT	Paramedic
Fairfax County, Va.	17,194	17,976	20,643
Montgomery County, Md.	17,668	18,656	19,544
Prince George's Cty., Md.	17,226	12,209	18,431

SENATOR D'AMATO:
10. Are there firefighters in administrative positions that could be transferred to station duty to augment that force?

CHIEF COLEMAN:
10. Most firefighters who are regularly assigned to work outside of firefighting are there because there is something unique about their work that requires the experience as a firefighter. There are others both regularly and temporarily assigned outside of firefighting because they have some disability that prohibits them from fighting fires but has not qualified them for retirement. In addition to these individuals, from time to time, firefighters are detailed to specific tasks on a termporary basis but then return to firefighting as soon as that task is done.

SENATOR D'AMATO:
11. Your other than personal services account has increased rather modestly in recent years. Has it kept pace with inflation - if not what areas have been reduced?

CHIEF COLEMAN:
11. Other Than Personal Service funding has not kept pace with the combined cost of inflation and changes in technology because the District is trying to live within its means. Because of this we have deferred many costs in all areas. Most notable are building repair and maintenance, support and passenger vehicles, fire boat repairs, protective clothing, office and ADP equipment, and energy. To meet these costs for the last several years we have had to reprogram funds from the Personal Service category.

SENATOR D'AMATO:
12. Twenty positions are redirected from the fire suppression and ambulance operations area. What are these positions and why is the redirection possible?

CHIEF COLEMAN:
12. The positions are being redirected: to furnish full-time employees to handle the cumulative increase in ambulance calls at Fire Alarm Headquarters rather than relying on overtime and light duty personnel for that purpose; to restore certain fire investigation and inspection capabilities; to reduce the time needed to train firefighters by removing the requirement that they and their instructors do the maintenance work at the Training Academy; and, to provide a Women's Program Manager. It is possible to redirect them because they are being replaced by an increase request for 22 positions which will assure enough positions in Firefighting to continue the operation of 50 fire companies.

The budget is presented this way because the Mayor had originally proposed operating only 48 fire companies in FY 1983. This level would have made the positions available to redirect. However, the District Council chose to continue the operate all of the current

50 companies and added resources (22 positions and $1,224,800) to operate the two additional companies. Showing the Mayor's proposed changes as redirections and the Council's preference for 50 companies as an increase preserves the continuity of these changes in the budget request.

SENATOR D'AMATO:
13. How does the District recruit firefighters? Do you make special provisions for experienced firefighters and EMT's from other areas?

CHIEF COLEMAN:
13. The recruiting program with respect to firefighters is the result of close cooperation between the District of Columbia Office of Personnel and the District of Columbia Fire Department. The major areas of focus include the following:

1. Vacancy Announcements: Over one hundred vacancy announcements are mailed to various public agencies and private organizations. The mailing list includes colleges and universities, military recruitment offices, employment service agencies, minority organizations, churches and every D.C. Advisory Neighborhood Commission office.

2. Posters: Approximately one thousand posters are printed for general distribution. The United Planning Organization has served as the major vehicle for distributing these posters throughout the metropolitan area. Posters are also placed in District government buildings, the Martin Luther King Public Library and branch libraries, the D. C. Employment Security Building, and are made available to the District Council members, field offices of the D. C. Office of Personnel, and other organizations with members or clients of potential interest to the Fire Department. In addition, posters are distributed to the local major supermarket stores, the D. C. Recreation Department and all recreation centers, and colleges and universities within the metropolitan area.

3. Flyers: Flyers are distributed through the United Planning Organization and to the D.C. Employment Security Office.

4. Public Service Announcements: Public service announcements are forwarded through the D. C. Office of Communications to approximately fifteen radio stations and five television stations. The firefighter recruitment activities are also announced in the D. C. Calendar News Release.

5. D. C. Employment Announcements: Firefighter vacancy notices are printed and distributed to current D. C. employees with the distribution of the paychecks.

6. Application Packet Distribution: Application packets, consisting of vacancy announcements, employment application forms, and supplemental examination assistance booklets, are prepared and distributed to the five Manpower Development Centers affiliated with the United Planning Organization.

7. Newspaper Advertising: A vacancy notice is posted in the Washington Post and the Afro-American newspapers.

Firefighters from other jurisdictions are processed for entry-level firefighter positions with the D. C. Fire Department in the same manner as all other applicants for such positions with the one exception that individuals who have had at any time in their employment history one year of experience as a full-time paid member of the principal fire department of a city of 500,000 population or more do not have to have successfully completed a four-year high school course or received a high school equivalency diploma.

The qualifications requirement for consideration for Emergency Medical Technician positions is a total of four years of experience, two years of general experience and two years of specialized experience. The applications of Emergency Medical Technicians from other areas are reviewed in light of this requirement in the same manner as the applications from all other individuals for such positions.

SENATOR D'AMATO:
14. You plan to reduce overtime in 1983. How is this possible given no increase in personnel and maintenance of a level of service?

CHIEF COLEMAN:
14. The high overtime rate over the past several years was caused by maintaining the same level of service despite a high vacancy rate. Funds budgeted for the regular salaries of the vacant positions were diverted to overtime in order to keep company strength up. The FY 1983 budget is built on the expectation of having all positions filled and having all employees current in their training; therefore, it should not be necessary to divert large amounts for overtime.

Overtime will be further reduced by providing ten permanent positions in the Communications Division.

SENATOR D'AMATO:
15. We all watched on television as the victims of the Air Florida crash waited in the water for rescue. Apparently the District rescue vehicles were not equipped with inflatable rafts or any other equipment to make a water rescue. Has the District since that crash decided to equip its rescue vehicles with such equipment? if not, why not? If not, what would be the cost of the acquisition of such equipment?

CHIEF COLEMAN:
15. The District's four rescue squads all carry inflated boats and the fire boat carries an aluminum boat. Three rescue squads and the fire boat were sent to the Air Florida crash. Because of weather and traffic conditions they did not arrive on the scene until the helicopter rescues were substantially complete. The boats were launched; however, ice conditions made it impossible to paddle them or use their outboard motors. The only way the boats could be moved was by hauling with ropes from the bridge. Prop wash from the helicopter was also a problem in operating the boats from the shore.

It is not practical to equip every company with a boat because of the cost and their bulk would inhibit other firefighting and rescue operations.

The boats the Department currently uses cost about $3,500 each equipped with motor and accessories. A propeller driven air boat has been investigated which would cost between $20,000 and $25,000.

NATIONAL GUARD

SENATOR D'AMATO:
1. What types of positions make up these 20 continuing full time positions?

GENERAL FRANKLIN:
1. The 20 continuing full time positions are administration and support for the District of Columbia National Guard. A detailed list follows:

Chief, Personnel & Administration Branch
Secretary (Stenographer)
Military Personnel Specialist
Military Personnel Technician
Administrative Supervisor
Secretary (Stenographer)
Budget Analyst & Supply Technician
Administrative Technician
Administrative Technician
Military Personnel & Administrative Technician
Personnel Assistant (Administrative)
Military Personnel Specialist (EM)
Building Maintenance Man
Receptionist, Clerk
Administrative Clerk (Typing)
Administrative Personnel Specialist
Messenger/Clerk
Carpenter
Offset Press Operator
Laborer

SENATOR D'AMATO:
2. Are there any retired military personnel employed by this section or are they active military personnel?

GENERAL FRANKLIN:
2. They are no retired or active military personnel filling any of the continuing full time positions.

OFFICE OF EMERGENCY PREPAREDNESS

SENATOR D'AMATO:
1. How many individuals are presently employed by this office?

MR. BOTTORFF:
1. There are twenty-one (21) individuals employed by this office.

SENATOR D'AMATO:
2 Has the responsibilities of this office increased within the past year?

MR. BOTTORFF:
2. Yes, responsibilities have increased in the area of local emergency response. The Executive Command and Communications Center is operational twenty-four hours a day to provide our citizens access to government when major service delivery agencies are closed and when services are most needed - during emergencies. Emergency assistance can be obtained in the problem areas dealing with evictions, housing and shelter due to fires or other disasters, water supplies, heat, electricity, food, etc.

With the continuing concerns of the emergency response capabilities of the agencies of the District of Columbia charged with emergency responsibilities, this office has been placed in the forefront of developing and coordinating the development of plans to provide for maximum utilization of resources and personnel and to increase emergency response capabilities, communication, and operational effectiveness of agencies during emergencies. The crash of an aircraft into the 14th Street Bridge and almost simultaneous derailment of a METRO subway train on January 13, 1982, revealed several shortcomings in the ability of emergency response agencies to maximize their capabilities to deal with such unexpected emergencies. One specific concern is the lack of a regional plan for Metropolitan jurisdictions to deal with emergencies occurring on the boundary lines between jurisdictions. This office, as the emergency planning office will continue to forge ahead, together with adjoining jurisdictions, in the development of a regional emergency response plan.

The proposed enhanced civil defense program of the Federal Emergency Management Agency has also placed an increased requirement on this office for emergency planning in crisis relocation; emergency shelter, and radiological defense. In addition to developing plans for the District of Columbia, the development and coordination for the development of a Nuclear Civil Protection Plan on a Metropolitan area wide basis is absolutely essential for the development of an effective plan for the District of Columbia. As the established lead Metropolitan area jurisdiction for emergency planning, the coordination in the development of regional plans, specifically in the area of Crisis Relocation, has placed an increased planning responsibility on this office. This responsibility will continue to be met to assure effective emergency planning.

SENATOR D'AMATO:
3. Give a breakdown of how many employees work on each program within this office. Do they all know each function or are they assigned to one specific task?

MR. BOTTORFF:
3. The breakdown of employees by program is as follows:

NUMBER OF EMPLOYEES	PROGRAMS
1	Policy and Direction
2	Administration of Programs
11	Emergency Operations Citizens Assistance, Control Center Operation
3	Emergency Planning(Shelter Operations, Radiological, and Natural Disaster Planning, and Agency Training
2	Emergency Telecommunications (Emergency warning and alerting, Maintenance and Testing)
2	Crisis Relocation Contingency Planning

All staff are cross trained in Emergency Operations and Emergency Communications Operations which are our primary functions.

SENATOR D'AMATO:
4. Is this Agency called upon to perform each and every day?

MR. BOTTORFF:
4. Yes, this Agency is called upon 24 hours a day in a coordinaing role with citizens assistance, and emergency communications and warning system testing and operation. This Agency serves as the Secretariat and provides staff and communications equipment support to the Mayor's Special Events Task Force. The Task Force is responsible for monitoring large scale scheduled as well as unscheduled demonstrations, special events and spontaneous incidents.

PUBLIC DEFENDER SERVICE

SENATOR D'AMATO:
1. Why are six additional needed and how many attorney positions will remain unfunded?

MR. CARTER:
1. In personal services costs the Public Defender Service has requested an increase of $251,100, which will enable it to increase average fulltime employment by six positions. New positions are not requested.

The Public Defender Service is authorized a total of 110 positions. In recent fiscal years, due to budgetary constraints, average full-time employment has fallen to 101 positions in FY 1981 and 102 positions in FY 1982. An increase for inflationary costs was last allowed the Service in FY 1978 ($10,000). In personal services costs the Service was forced to absorb within-grade increases in FY 1978, 1979 and 1980; in FY 1981, the Service was allowed an increase of approximately one half their costs. In order to comply with these mandated absorptions of inflationary costs and within-grade increases, and avoid a budgetary deficit at the end of each fiscal year, the Service was forced to hold open vacant positions for long periods of time.

This decrease in ability to fund average fulltime employment has had a significant impact on the Service's caseload. Planned representation by attorneys for FY 1980 as reflected in the FY 1982 budget submission was 5,100 closed cases. Because of fiscal constraints, representation totalled only 4,800 closed cases. FY 1981 planned representation was 5,250 closed cases. Due to severe budget constraints, representation totalled only 4,300 closed cases. A similar impact was felt in the Service's Investigative Division. Rather than performing the anticipated 780 investigations in FY 1981, the division handled only 638 cases due to personnel vacancies and the Service's inability to fill them because of budget reductions.

This reduction in caseload has a direct impact upon many segments of our society. District citizens are deprived of the expertise, assistance and quality representation of public defenders. Private counsel practicing under the Criminal Justice Act Program are deprived of the assistance of the Service's professional investigative staff. The lack of staff attorneys at the Public Defender Service inconveniences the court system as the availability of the best-trained and best-equipped attorneys to handle complex cases is depleted. Due to the high esteem in which PDS attorneys are regarded, the Service's staff attorneys are generally appointed to the most complex felonies. In FY 1981, 75.4% of the Service's felony case load were "most serious" felonies carrying terms of imprisonment of 15 years to life. The Service handles 65% of all homicide cases in the Superior Court Criminal Division. Since these cases are the most complex, they are also the most time consuming and therefore most costly cases. Since legal representation in criminal cases is required by the Constitution, if the Public Defender Service were unable to provide staff attorneys in these cases, then private attorneys, compensated under the CJA Program, would be appointed by the court. While PDS attorneys are salaried, receive no overtime pay, but work however many hours are required to provide effective assistance of counsel, the CJA attorney, paid by the hour, can submit claims of up to $1,000 per felony case (more than that if approved by the Chief Judge). It is more cost effective to the system at large to provide representation in such cases by the PDS staff attorney.

The requested increase in average fulltime employment will enable the Service to increase its caseload to 25% of the entire indigent criminal caseload at the Superior Court (currently the Service provides representation in 17% of these cases). Representation of juvenile cases would rise to approximately 35%.

SENATOR D'AMATO:
2. You note in your budget request that expert services have increased their fees 25% in the last two years. In what percentage of your cases are experts required and what types of services are most frequently used?

MR. CARTER:
2. The services of experts were required in approximately 13% of the Service's cases in FY 1981, and 16% in FY 1932.

The number and variety of expert services required by the Public Defender Service depends upon the nature of the cases to which its staff attorneys are appointed. The services most frequently used are those of psychiatrists or psychologists (58% of requests). In recent fiscal years the Service has also used such experts as pathologists, ballistics laboratories, polygraph examiners, medical laboratories, handwriting analysts, fingerprint examiners and neurologists.

SENATOR D'AMATO:
3. On page FE-4 of your budget justifications, you show a reduction of $18,500 in fringe benefits. Please explain how this is possible when you are increasing the staff by six?

MR. CARTER:
3. The $248,900 requested to fund fringe benefits reflects their actual cost to the Service in recent fiscal years. It was computed based upon the actual percentage of regular pay required for fringe benefits. Heretofore, the Service used the District's planning guideline of 10% to reflect requirements for fringe benefits.

SENATOR D'AMATO:
4. Please provide a breakdown of the PDS staff assigned to the various divisions. Also include not only fulltime permanent but also any employees classified as temporary.

MR. CARTER:
4. The breakdown of PDS staff assigned by division is as follows:

Administration (total positions 11.75)
Director
Deputy Director
Executive Assistant
Personnel Director
Executive Secretary (2)

Administrative Secretary (3/4)
Law Clerk
Receptionists (2)
Courier
Duplication Clerk

Legal Services

Trial Division (48.75 positions)
- Trial Division Chief
- Deputy Chief
- Training Director
- Staff Attorneys (37)
- Secretaries (8.75)

Appellate Division (9 positions)
- Division Chief
- Staff Attorneys (6)
- Secretaries (2)

Mental Health Division (8 positions)
- Division Chief
- Staff Attorneys (4)
- Program Developer
- Office Manager
- Secretary

Post Conviction Correctional Services (1.5 positions)
- Division Chief
- Secretary (.5)

Legal Services at Children's Center (2 positions)
- Staff Attorney
- Secretary

Appointment of Counsel Program (8 positions)
- Division Chief
- Deputy Chief
- Interview Clerk (4)
- Secretary
- Statistical Assistant

Offender Rehabilitation Division (10 positions)
- Division Chief
- Program Developer (5)
- Job Developer (2)
- Attorney Aide
- Secretary

Investigations Division (11 positions)
- Division Chief
- Coordinator Intern Section
- Investigator (8)
- Secretary

SENATOR D'AMATO:
5. The Fiscal Year 1983 budget for the Public Defender Service calls for funding of six attorney positions currently unfunded.

How many attorney positions are currently funded and what is each person's caseload?

MR. CARTER:
5. The Public Defender Service is authorized a total of 110 positions, of which 56 are attorneys. Average fulltime employment is currently 102 positions. Currently 49 of the 56 attorney positions are filled. Due to considerations of quality representation and effective assistance of counsel, the caseload of attorneys is limited to approximately 40 active felony cases at any given point in time.

SENATOR D'AMATO:
6. What is your ratio of lawyers to supervisors?

MR. CARTER:
6. There are approximately ten lawyers per each of the five attorney supervisors. a/ Pursuant to its enabling statute, the Service is operated by its Director with the assistance of the Deputy Director. The Director is responsible for the budgeting process, personal administration (hiring, assignment and monitoring) of 110 authorized positions b/, assignment of staff attorneys, management of the Service's expenditures, and oversight of and policy and goal development for the Service's various divisions. The Deputy Director assists in these tasks, administers the attorney hiring program, and supervises the Criminal Justice Act Office. Both are also required by statute, by the City, and by the Court to devote substantial attention to criminal justice system issues and tasks. In addition, when the statute creating PDS became effective on February 1, 1971, the Service had forty-four authorized attorney positions; there are now fifty-six authorized attorney positions. Direct supervision of the attorney staff and day-to-day administration of the divisions rests primarily, therefore with the Chief and Deputy Chief of the Trial Division, the Chief of the Appellate Division, the Chief of the Mental Health Division, and the Chief of Training. Because of the Service's limited resources, each of these supervisors is also responsible for discharging a significant caseload in addition to their supervisory responsibilities. For example, during the past year, the Chief of the Trial Section has tried nine extremely complex cases primarily on the Court's Felony One Calendar, each trial averaging nearly two weeks in duration; the Chief of the Mental Health Division has maintained a 50% caseload; and the Chief of the Appellate Division filed seventeen briefs or other major pleadings. The Director and Deputy Director also maintain small trial and appellate caseloads, and they and other senior trial attorneys devote approximately four thousand mostly uncompensated hours annually to one-on-one supervision of less experienced trial attorneys.

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a/ The National Legal Aid and Defender Association has suggested a one-to-five ratio.

b/ For example, the Director and Deputy Director spend approximately 400 hours annually on attorney hiring alone, and staff attorneys contribute another 400 uncompensated hours.

SENATOR D'AMATO:
7. The Committee understands that PDS has a lawyer training program. How much is spent per year? Also what are the goals and program measures that are used to measure this program's effectiveness?

MR. CARTER:
7. The single most important component of the entire training and supervision program is the fulltime, six-week initial training session required of all attorneys when they join the agency. Provision of this program accords with Standard 13.16 of the COURTS report of the National Advisory Commission on Criminal Justice Standards and Goals (1973), which provides, in material pari, "Defenders should receive training at least equal to that received by the prosecutor and judge. An intensive entry-level program should be established . . . ." See also National Study Commission on Defense Services, Guidelines for Legal Defense Systems in the United States, at 444-445 (1976). Development and delivery of this program accounts for about 25% of the time of the Chief of Training. In Fiscal 1982, nine new attorneys participated in this course. The salaries of the Chief and the new attorneys for this period and other expenses totalled about $32,000, approximately one percent of the Service's overall budget.

The Service also devotes considerable attention to the continuing or in-service training and overall professional development of its attorneys so that the Service can continue to handle the most serious and most complex criminal cases. This effort, which is the other main responsibility of the Chief of Training, consists, inter alia, of bi-weekly staff meetings after regular office hours, periodic criminal division and juvenile division luncheons, weekend mock trials, evening training sessions as attorneys rotate from juvenile to criminal cases, one-on-one supervision of less experienced lawyers by senior attorneys (without compensation), and development and dissemination of training and other pertinent materials. Although much of this activity is delivered through uncompensated efforts, the balance of the training chief's salary and incidental expenses account for approximately another one percent of the Service's budget.

The Director monitors the effectiveness of the training and supervision program through quantitative and qualitative measures. Quantitative measures range from the number of staff meetings and training sessions in various categories annually to the continuing assignment by the Court of PDS attorneys to disproportionately high proportions of the most serious and complex cases. Qualitatively, the Director relies primarily on his personal assessment of the content and delivery of numerous training activities and on his own evaluation and that of the five supervising attorneys and the Deputy Director of the development of each attorney in a substantial number of specific skill areas. Finally, the Service's training program, which has now been evolving for more than a decade, is the prototype both for the numerous trial advocacy courses that have been developed in the past few years through the legal profession and for other, although unfortunately less intensive efforts in similar organizations. The training program has been cited as "exemplary" by the Law Enforcement Assistance Administration and in every other appraisal of the Service.

SENATOR D'AMATO:
8. Also concerning the Offender Rehabilitation programs what does the service consist of and is it duplicative of other City services or those that can be found privately?

MR. CARTER:
8. The Offender Rehabilitation Program provides rehabilitative services for its clients, performs alternative sentencing evaluations and develops pre-trial release proposals for consideration by the court. Clients are referred to the Division by PDS staff attorneys and members of the private bar practicing under the Criminal Justice Act Program.

ORD's services to its clients include (1) job training and education through local training centers, on the job training programs, adult education programs, and Youth Corps and Job Corps programs; (2) job placement assistance through private employers and through coordination of efforts with the D.C. Manpower Administration's Job Data Bank; (3) psychological and psychiatric evaluations through referrals to a variety of professionals in private practice and in public agencies, mental health, narcotic and alcohol treatment facilities, and juvenile residential programs; (4) referrals for material assistance (financial aid, emergency shelter, food, clothing) available through public agencies and private organizations in the city; (5) identification of community service sites for client placements following disposition of charges; and (6) counseling of clients and, where appropriate, their families. The staff conducts interviews to gather background information on each client and, where indicated, arranges for evaluation to supplement this information. Communication with community services agencies is routinely initiated in order to secure appropriate attention to social, vocational or treatment needs which are identified through interviews. ORD prepares written reports for the court and often testifies in court in support of proposed rehabilitation plans.

The services provided by ORD are not duplicative of other City services or private agencies. The Probation Department, which regularly works with offenders, does not perform these types of services. Additionally, the Probation Department of the Superior Court only becomes involved with an accused person after conviction. Because of the early intervention of ORD the bulk of their work becomes the framework of the presentence report generated by probation. The Public Defender Service has found its entry from the inception of the case has proved helpful to the multifaceted considerations facing a judge at sentencing. The ORD closely coordinates with many City agencies and private organizations in providing referrals and developing suitable rehabilitation plans to meet the needs of the individual client.

SENATOR D'AMATO:
9. How much resources, both dollars and personnel, do you allocate annually to this program?

MR. CARTER:
9. In FY 1983, personnel costs associated with the ORD will be 10 positions and $250,000. Other than personal services costs will total approximately $15,000.

SENATOR D'AMATO:
10. How do you measure its effectiveness and how many of those referred are successfully placed in jobs? Do you keep statistics on how long they keep those jobs or the recidivism rate among those entering the program?

MR. CARTER:
10. Of the 575 Fiscal Year 1981 referrals, 364 clients were referred for job placement assistance. Of those, 48%, or 173 were placed in positions. The ORD is not a supervision agency; that service is provided by other agencies such as Parole or Probation. However, the ORD performs followup on its job placement clients four months after they are placed in a position. Those statistics indicate that approximately 40% of the clients placed remain in the job situation for at least this period of time. Considering that these clients are all offenders and that many of them have never held a job previously, this is a high retention rate. It also reflects clients removed from the community because they are incarcerated post-trial. The ORD does not have sufficient resources to collect statistical information on the rate of recidivism among its clients.

SENATOR D'AMATO:
11. How many of the 575 referrals in 1981 completed the program -- is this a representative average?

MR. CARTER:
11. The ORD provides referrals for programs operated by other agencies and organizations, and develops rehabilitation plans for the court to consider. All of its clients "complete" the program unless an action of the court system removes a client from the community through incarceration pretrial or post-trial.

SENATOR D'AMATO:
12. Would you please provide a comparison of the percentage of indigent cases handled by the PDS and CJA attorneys in the District with these in Detroit, Atlanta and other cities of similar size and demographic makeup? Also comment on the other services provided in these cities and in the District.

MR. CARTER:
12. Neither Detroit, Michigan, nor Atlanta, Georgia, have a unitary court system. Separate entities, unlike the Superior Court of the District of Columbia, handle the different segments of the criminal justice system. Presumably, based on this pattern, defense services to indigents is similarly performed by different operations.

The Legal Aid and Defender Association of Detroit operates independent branches to provide representation in felony cases and services to juveniles. By agreement with the Michigan Supreme Court, this organization can handle up to 25% of the persons charged with felonies. No counsel is provided for the initial bond hearing and no appeals are conducted by the division. Judges on a rotating basis appoint private counsel to the other persons charged with felonies but the defender has no staff to assist the court system with a determination of indigency. The sixteen attorneys must share three investigators and there is only one person to assist in the development of alternatives to incarceration. Persons charged with misdemeanors are represented by a separate entity.

The Juvenile Division of the Legal Aid and Defender Association of Detroit has eleven attorneys to serve a city larger than the District of Columbia. By contract, they have no limitation on the percentage of the total caseload they may handle. However, it hovers near the 25% range. One of the three judges of the Probate/Juvenile Court on a rotating basis appoints private counsel to the remaining cases. The private practitioner makes himself or herself available by notice to the appointing judge. Staff attorneys share two investigators and have no social workers to assist in developing for their children restitution plans, or other rehabilitative endeavors. No services are provided to the private bar in the way of training or research.

Appeals from convictions in the Detroit courts are handled by the Michigan Appellate Defender, an organization which provides this service statewide. They also handle 25% of the total indigent caseload. The twenty attorneys use the services of one investigator, one paralegal and one paralegal/social worker.

In Atlanta, Georgia, a city slightly larger than the District of Columbia, the Public Defender of Municipal Court has three attorneys to represent persons at trials or ordinance violations and the preliminary examination in misdemeanor and felony cases. With one investigator and no social workers, this organization handles approximately 5% of the cases. If no counsel is retained, the remainder stand without any attorney. After preliminary examination, persons charged with misdemeanors are bound over to the State Court where there is no public defender, only appointed counsel. If there is an appeal of a conviction of a client represented at the trial of a city ordinance charge, this agency tries to take the case.

After indictment of a felony, a person will appear before the Superior Court of Fulton County in Atlanta. There the Defender of the Indigent has eleven attorneys (one for each sitting judge). Their funding currently comes from the county but the state will add a contribution after this year. This funding has allowed the defender to have three secretaries (one devoted full-time to appeals), two investigators and no social workers. If there is an appeal, the trial attorney must handle it. The operation annually handles 80% (approximately 2,000 cases a year) of the post-indictment caseload of the system. It has no staff to assist the court in the determination of indigency and is unable to provide any services to the private bar who accept court appointed cases.

In contrast to Detroit and Atlanta, the Public Defender Service has served as the core of defense representation in the District of Columbia. In addition to case representation, the agency assigns a staff attorney to office duty on every working day to handle inquiries by phone or visits from the public or the bar about law or the criminal justice system. The agency's law library is used, without cost, by the private bar who accept court-appointed cases. Within this facility are samples of legal motions, copies of legal briefs filed by title and subject matter, and extensive materials collated by the librarian on criminal defense work, forensic science and related topics.

Within the last four years the Public Defender Service has developed, staffed and conducted two full-day seminars without cost for attorneys practicing before the juvenile division. Each year two staff attorneys serve as co-chairpersons of the Criminal Practice Institute, one of the city's most comprehensive criminal defense training sessions. As a part of this effort, numerous staff attorneys help write, revise and update the CPI *Manual*. The two-volume set, now some 1,500 pages long, offers practitioners the most recent law and procedure on the local system.

Over three quarters of the time of our professional investigators is spent working on cases from the private court-appointed bar -- at no cost to the attorney or the court system. *Cf. Monroe v. United States*, D.C. App., 389, A.2d 811, *cert. denied* 434 U.S. 1006 (1978) (counsel must conduct an appropriate investigation, both factual and legal, to determine if matters of defense can be developed); *Harris v. United States*, D.C. App., 441 A.2d 26[illegible] (1982) (new trial granted based upon trial counsel's failure to interview or call a known eyewitness favorable to the defense, to interview any government witnesses, and to interview the medical examiner or obtain a copy of his report).

The appointment of counsel program (Criminal Justice Act Office) interviews every person appearing before the Court using the arithmatical formula developed by the Court in 1971 to determine whether they have sufficient economic resources to obtain counsel. In addition to filing written pleadings in their cases, the agency's Appellate Division provides staff attorneys and the private bar with concepts and ideas on criminal law. (The Offender Rehabilitation Division which supplies social work assistance to agency attorneys and the private bar who accept court-appointed cases is more fully described in the answer to Question Eight).

Since it was established in 1971, the Public Defender Service has been studied and reviewed by many organizations and nationally recognized as the exemplary model of how a defender organization should be organized and what it should accomplish.

Pretrial Services Agency

SENATOR D'AMATO:

The District's Pretrial Services Agency provides information to the District Superior and Appeals Courts as well as the U.S. Attorney's Office and the U.S. District and Appeals Courts. However, no Federal funds are anticipated in 1983. What is the expected cost and number of staff assigned to Federal courts during 1983?

MR. BEAUDIN:

Since court reorganization eleven years ago, approximately ten percent (10%) of the Agency's workload has been made up of cases prosecuted in the United States District Court. The Agency has an office in the Federal

Court, interviews all arrestees brought before U.S. Magistrates and Judges, and supervises those granted personal recognizance or conditional release. Since 10% of the interviews and supervision caseload are defendants charged with Federal offenses, 10% of the Agency's budget or $140,000.00 may be considered the approximate cost of providing services to the Federal court system.

SENATOR D'AMATO:

Give some additional details on the 3 third-party custody contracts, for which $200,000 is requested in 1983. Will this doubling in budget lead to a corresponding increase in services received?

MR. BEAUDIN:

Beginning in Fiscal Year 1978, the budget of the Pretrial Services Agency has included the sum of $100,000 for third party custody services. This line item was originally appropriated in order to continue services which previously had been funded through the Law Enforcement Assistance Administration (LEAA).

Since FY '78, the sum of $100,000 has been awarded annually to a variety of community-based programs through a process of competitive bids. These programs have served as cost-effective alternatives to pretrial incarceration, providing not only needed social services, but a closer supervision of releasees as well.

This year, after the FY '83 budget had been submitted, the City Council passed the budget adding an additional $100,000 in the third party custody category, and earmarked it for one organization, Bonabond, Inc. The doubling of funds for third party custody will lead to an increase in services.

SENATOR D'AMATO:

What is the status of the discussions with the Criminal Justice Data Processing User Group concerning the PSA share of the Metropolitan Police Department's WALES computer system costs?

MR. BEAUDIN:

The Criminal Justice Data Processing User Group continues to meet regularly. Recently, officials from criminal justice agencies participated in a three day planning session to discuss the direction and priorities of information management in the criminal justice system. Currently, a project is being implemented which will develop a system of performance evaluation and capacity planning for the WALES Computer System. Hopefully the FY 1984 budget will contain more realistic figures reflecting the cost of each agency's use of the WALES computer system.

BOARD OF PAROLE

SENATOR D'AMATO:
1. You are requesting 22 positions and $676,100 in 1983. How many positions are currently funded in 1982?

MRS. JUST:
1. The Board has 22 funded positions in Fiscal Year 1982.

SENATOR D'AMATO:
2. What criteria are used to determine the appropriateness of a person's release?

MRS. JUST:
2. In determining parole, Board decisions are based generally on the following factors:

a. Seriousness of present offense. The Board considers the present offense, noting the nature of the offense and any mitigating or aggravating circumstances.

b. Parole prognosis. The Board considers the perceived risk of rearrest and/or revocation while recognizing that extensive prior criminality and past failure on parole are significant correlates of future arrest and/or revocation.

c. Assaultive potential. The Board recognizes the severity of criminal offenses which involve physical injury to victims and takes note of such assaultive potential; particular note is taken for recent assaultive behavior.

d. Seriousness of prior criminal record. Here the Board reviews the nature, pattern, seriousness, and frequency of offense.

e. Substance Abuse potential. The Board recognizes the link between substance abuse and criminality, as the potential for such abuse is inferred from previous patterns; however, successful completion of programs designed to overcome drug or alcohol abuse is viewed positively.

f. Social stability. The Board considers the personal and social history of the applicant including family situation, educational development, socialization, marital history, employment history, use of leisure time, and prior military experience, if any.

g. Institutional discipline. The Board considers the applicant's overall adjustment, with special consideration to the frequency and severity of disciplinary infractions, with particular notice of recent infractions.

h. Prison program and work participation. Here the Board considers the applicant's involvement in academics, vocational education or training, and other self-improvement activity, including therapy and utilization of available resources to overcome recognized problems.

SENATOR D'AMATO:
3. Are the resources provided adequate to evaluate an individual's release from incarceration?

MRS. JUST:
3. Yes.

SENATOR D'AMATO:
4. What is the recidivism rate among parolees?

MRS. JUST:
4. There are several definitions of recidivism. In relationship to parole, one frequently heard definition of recidivism is the revocation of parole for either technical violations of parole or new convictions while on parole. During calendar year 1980, parole was granted to 1,283 prisoners. During the same period 349 paroled prisoners had parole revoked. This indicates a recidivism rate of 27 percent.

COMMISSION ON JUDICIAL DISABILITIES AND TENURE

SENATOR D'AMATO:
1. How many complaints has the Commission processed in the last three years? How many are currently pending?

MR. TAYLOR:
1. The Commission processed 29 complaints in FY 1980, 29 complaints in FY 1981, and has processed 13 complaints thus far in FY 1982. Currently 4 complaints are pending before the Commission.

SENATOR D'AMATO:
2. The Commission has only one full time permanent position, how many temporary positions are allocated to the Commission? What are their functions?

MR. TAYLOR:
2. One temporary position has been allocated to the Commission. The temporary position provides clerical and administrative support.

JUDICIAL NOMINATION COMMISSION

SENATOR D'AMATO:
1. The Commission is asking for an increase of $3,300. For what purpose?

MR. ABRAMSON:
1. The requested increase is to provide funds for payment during FY1983 of anticipated Commission expenses (xeroxing, messenger deliveries, postage, etc.), of the Chairman's administrative time spent outside of meetings, and for the services of the Commission's part-time administrative aide (who is paid at the GS-6 grade), including a possible pay increase to the aide if the salary level for federal workers generally is raised for FY1983. The Commission will incur these mentioned obligations irrespective of whether any judicial vacancies arise in FY1983 which the Commission must consider.

SENATOR D'AMATO:
2. How many vacancies does the Commission annually consider?

MR. ABRAMSON:
1. There is no way of knowing accurately at this time what the answer to the question is. The Commission can anticipate considering an upcoming vacancy that is "known", that is, a vacancy that will occur by virtue of the expiration of a judge's term, or the attainment by the judge of the mandatory retirement age. These events will occur on a day certain and the Commission can know if they will happen in the fiscal year. The Commission annually, however, always experiences unknown or unanticipated judicial vacancies, which can arise in a variety of ways -- death, retirement, disability, selection for a higher or different court, and resignation. For FY1983, the Commission is projecting having to consider one known judicial vacancy and three unanticipated ones.

D.C. LAW REVISION COMMISSION

SENATOR D'AMATO:
1. How does the $29,800 requested increase breakdown?
Mr. DANZANSKY:
1. The increase, which was provided by the Mayor's mark, consists of $17,700 for the FY 1983 Pay Adjustment; $2,500 for mandatory within grade increases; and $9,600 for increased costs of telephone and building rental.
SENATOR D'AMATO:
2. What is the Commission's current and anticipated workload?
Mr. DANZANSKY:
2. Currently, the Commission is undertaking three major projects simultaneously. The Civil Law Task Force is revising the numerous laws of the District relating to health, including the laws relating to health occupations, the environment, and general health provisions.

The Administrative Law Task Force is revising the insurance laws of the District. The Criminal Law Task force is revising the hundreds of laws that are codified outside title 22 of the D.C. Code. These three projects are fully occupying the energies of the Commission at the present time. As these projects progress, the Commission also has given priority to the revision of the antiquated real property laws of the District, the business corporation laws, and the laws relating to securities. Therefore, the workload of the Commission is considerable and can expected to remain so for the foreseeable future.

SENATOR D'AMATO:

3. What accomplishments would you say this Commission has made with the revision or updating of laws of the District of Columbia.

Mr. DANZANSKY:

3. The Law Revision Commission has produced a Basic Criminal Code covering such important categories of offenses as Homicide; Assault; Abduction and Restraint Offenses; Sexual Offenses; Arson and Property Damage; Burglary and Criminal Trespass; Robbery and Theft; Forgery; Inchoate Crimes; and a chapter on Sentencing. Recently, the Commission added two new chapters--Offenses Involving Government Processes and Riot and Disorderly Conduct Offenses. Many of these proposals are under active consideration in the Council and several have already been adopted.

In addition, the Commission, pursuant to its original congressional statutory mandate produced a comprehensive District of Columbia Administrative Procedure Manual for the guidance of the agencies of the District and persons interested in the District's administrative process.

SENATOR D'AMATO:

4. Do you think that the additional personnel you employed for the fiscal year 1982 contributed to these accomplishments?

Mr. DANZANSKY:

4. The Commission employed the same number of personnel in FY 1982 as it did in the last half of 1981.

DEPARTMENT OF CORRECTIONS

SENATOR D'AMATO:

The City recently reached an agreement with 1,300 inmates in a suit to make $4 million worth of improvements at your Lorton facilities, we have approved a reprogramming to start the process. You are also hiring 90 correctional officers as part of this settlement. Are you having any trouble recruiting qualified applicants?

MR. HOLLAND:

The Department of Corrections is not currently experiencing difficulties in recruiting qualified applicants. The on-board strength in correctional staff on September 1, 1981 was 1,037. The on-board strength as of May 15, 1982 has increased by 227 to 1,264. The exemption to the District of Columbia residency requirement granted for hiring to fill vacancies at Lorton has facilitated our meeting the staffing levels set by the civil action settlement agreement.

SENATOR D'AMATO:
Another part of the settlement required a decision on whether or not the population at Lorton needed to be reduced, has that been decided?

MR. HOLLAND:
The Department of Corrections has agreed in the civil action that the population of Central Facility needs to be reduced to 1,125. The plaintiffs in the action have acknowledged that it is not possible to effect this reduction immediately, and have not specified a date by which this must be accomplished. Plans for specific action to reduce the population are called for, however, and are presently being developed.

SENATOR D'AMATO:
If you must reduce the population how will it be done?

MR. HOLLAND:
The Department of Corrections is currently making a study of space available at Lorton which would be amenable to conversion into housing facilities. If it is determined that there is adequate alternative space to accommodate the current population of the Minimum Security Facility, that institution may be converted to one appropriate for some of the medium security residents of Central Facility (capacity 252).

SENATOR D'AMATO:
We have increased the number of police officers in the District, can you estimate the increase in costs, either at Lorton or in payments to the Federal Bureau of Prisons, as a result?

MR. HOLLAND:
The Department of Corrections does not have the resources to conduct a rigorous study of the impact of an increase in police officers on the population levels of D. C. Code violators in District or Federal facilities. However, based on past experience, the Department believes there is no direct relationship between levels of police staffing and DCDC populations. For example, the Metropolitan Police Department's manpower decreased slowly, but steadily during the '70's, while the total number of sentenced incarcerated persons showed substantial increases from 1974 through 1977 and lesser increases in 1979 and 1980.

There is a direct relationship, however, between judicial action and the incarceration rate. As the courts impose longer sentences or become more predisposed to impose substantial money bonds, the Department's population increases.

SENATOR D'AMATO:
How much have you added to the '83 budget for this factor?

MR. HOLLAND:
In the FY 1983 budget a request is made to fund the direct care cost items, such as food, clothing, medical supplies, etc. for 100 residents above the FY 1982 budgeted population. At this point in time, however, it appears that the projection used in formulating the request, to provide for an institution population (the jail and Lorton facilities) of 4,200, is low, given that the population has already exceeded 4,600. This represents a population jump of 500 since the development of the FY 1983 budget.

SENATOR D'AMATO:
What is your actual per day inmate cost as opposed to the Federal Bureau of Prisons charges?

MR. HOLLAND:
As of April, 1982 the per day inmate cost in DCDC facilities is $37.63. The projected per day inmate cost of D. C. Code violators in Federal facilities is $42.00, based on the bills received thus far this year.

SENATOR D'AMATO:
Are there any plans to expand the Lorton facilities in the near future?

MR. HOLLAND:
The Department of Corrections has received approval through the City Council level, of an FY 1983 Capital appropriation to renovate facilities located adjacent to the institutions at Lorton, Virginia. This renovation has the potential to increase the capacity of Lorton by 400.

OFFICE OF CRIMINAL JUSTICE PLANS AND ANALYSIS

SENATOR D'AMATO
During the current year the Office has 5 staff plus 7 provided by Federal grants. In 1983 the comparable request is for 5 and 1. Despite an increase of $261,400 in District funds, some functions will be curtailed. Which ones?

MS. WILSON
The $261,400 increase in appropriated funds for FY 1983 is for the following:

$250,000	— D.C. Law School Clinical Program
11,400	— Pay increase for FY 1983
$261,400	

The Law School Clinical Program, authorized by D.C. Law 2-143, has never been funded. Funding for FY 1983 is in response to a reduction of funding for the Federal Legal Services Corporation by Congress for FY 1982 and the concomitant invitation to the states to share in the costs of providing legal services for the poor. The District government has responded to this invitation by supporting law school clinical programs that serve indigent clients.

The reduction in office functions as a result of the decrease in federal funding will occur in the areas of reviewing, granting and monitoring subgrants under the LEAA program. All LEAA grant/subgrants will terminate during the first half of FY 1983 and final reports will be prepared and submitted to the U.S. Department of Justice.

SENATOR D'AMATO
How will the $261,400 increase be allocated among Research and Analysis, Juvenile Justice Planning, Grants Management, Law School Clinical Program and Civilian Complaint Review Board, compared to the current year?

MS. WILSON
$250,000 of the $261,400 will be allocated solely to the Law School Clinical Program and will be spent entirely on grants/contracts to clinical programs. The pay increase of $11,400 for the five appropriated positions will be allocated to the functions that those positions currently carry out in FY 1982, namely, executive supervision, research and analysis and juvenile justice state agency planning and grant administration. The funds for the Civilian Review Complaint Board are appropriated in the budget of the Metropolitan Police Department and are transferred to OCJPA through an interdistrict purchase order solely for the purpose of avoiding any conflict of interest in the deliberations of the Board. The funds of the Board are kept separate from other OCJPA funds and are not reflected in the $261,400.

SENATOR D'AMATO
What research projects are currently underway and what is their status?

MS. WILSON
There are five major research projects that are currently underway or planned for the near future. They are:

(1) Update on the crime profile for 1981. This is an analysis of crime data received from the Metropolitan Police Department to determine the distribution patterns for various types of crime according to geography, place where crime occurred, time of crime and characteristics of offenders. The purpose is to provide centrally available planning data for all types of criminal justice and crime prevention programs.

(2) Analysis of alternative educational programs for juvenile offenders. This is an analysis of various alternative educational programs for offenders in the juvenile justice system as compared to the traditional educational programs administered by the public school system. This study includes an analysis of the special educational needs of offenders, particularly in regard to appropriate setting and structure and manner of delivery. The purpose is to determine if a separate school and/or curriculum is needed and, if so, what form that should take.

(3) Study of risk assessment for pre and post trial release decisions. This is a study to determine the empirical validity of certain factor, such as employment, family, prior criminal history, etc., in determing whether a person released pending trial or after conviction will be a risk to the community, i.e., that he or she would likely commit another offense. The purpose is to develop more reliable guidelines for the Courts and the Parole Board.

(4) A study of police services in D.C. This is a survey of all police services currently being provided in D.C. in an attempt to clearly delineate discrete services and to begin to place quantitative, qualitative and cost values with these services. The purpose is to provide a framework in which to target improvement goals and to discuss alternative services. If the model is workable, it may be applied to other service areas of the criminal justice system.

(5) A study of organizational alternatives to the current structure for delivering legal assistance to accused criminal defendants. This is an analysis of alternative ways of administering the Criminal Justice Act Program. The purpose is to design a system that

insures a consistently higher standard of service by contracted lawyers to match the current high standards of the D.C. Public Defender Service.

SENATOR D'AMATO
What analysis has recently been completed and what is the status of the recommendations and findings?

MS. WILSON
The study that has just been completed and which is being released this week is a major study of the juvenile offender in D.C. This is an analysis of 400 juvenile cases that were recently processed through the District's juvenile justice system. The objective was to determine whether statistically significant patterns existed in the characteristics of juvenile offenders at various points within the process of the system. These characteristics included family, age, educational level, past experience with the justice system, race, sex and educational history. The purpose of the study was to provide hard data for planning more effective juvenile delinquency intervention and prevention programs..

DISTRICT OF COLUMBIA APPROPRIATIONS FOR FISCAL YEAR 1983

THURSDAY, JUNE 17, 1982

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 11 a.m. in room 1224, Everett McKinley Dirksen Senate Office Building, Hon. Alfonse D'Amato (chairman) presiding.

Present: Senator D'Amato.

DISTRICT OF COLUMBIA

PUBLIC EDUCATION SYSTEM AND HUMAN SUPPORT SERVICES

STATEMENTS OF:

REV. DAVID EATON, PRESIDENT, BOARD OF EDUCATION
FLORETTA D. McKENZIE, SUPERINTENDENT OF SCHOOLS
R. DAVID HALL, CHAIRMAN, FINANCE COMMITTEE
ARTHUR G. HAWKINS, ASSOCIATE SUPERINTENDENT FOR FINANCIAL MANAGEMENT

SUBCOMMITTEE PROCEDURE AND PREPARED STATEMENT

Senator D'AMATO. The subcommittee will come to order. We're pleased to begin our hearings this morning with Rev. David Eaton, president of the Board of Education and Floretta McKenzie, Superintendent of Schools.

We are pleased to have you with us this morning. Possibly you want to introduce your other colleagues and then proceed with whatever statement you desire to make with the understanding that the entire statement that you have prepared will be placed in the record as if read in its entirety, so this way you can summarize your statements.

[The statement follows:]

Statement of Rev. David H. Eaton

Good morning, Mr. Chairman and Committee members. Thank you for the opportunity to testify regarding the D. C. Public Schools' Fiscal Year 1983 budget. As the President of the Board of Education, I believe the FY 1983 budget of $306.5 million provides the minimum amount necessary to maintain the improvements we are beginning to see in student achievement. Our ability to provide young people from low income families with a sound educational foundation as they enter kindergarten and their elementary school years is necessarily tied to adequate financial resources.

The D. C. Public Schools have moved aggressively to improve instructional options for all students, pre-kindergarten through twelfth grade, as well as those enrolled in adult education. These improvements have been achieved despite spiralling inflation rates and very limited increases in fiscal resources. Substantial evidence of the system's success is reflected in the standardized test score performance of the students of the D. C. Public Schools. These increases in test scores are particularly notable at the elementary level, with the third grade classes scoring at the national norm of 3.8 in school year 1980-81. Significant gains are also seen at the sixth grade level. There have been substantial gains as well at the junior high school level.

The Competency Based Curriculum (CBC) has led to a uniformity of instruction which prevails in grades pre-K through 12. The developmental work, as well as the implementation of CBC in all grades, however, was not undergirded with an increase in resources. This fact has made the implementation of the Competency Based Curriculum very difficult and burdensome for both teachers and administrators. Much of the controversy pertaining to the implementation of the Competency Based Curriculum can be related directly to inadequate instructional resources as well as the financial inability of the system to apply the needed degree of technology to support this effort.

The Student Progress Plan (SPP), which evolved from the Competency Based Curriculum as a means of establishing clear achievement standards, has faced numerous obstacles because adequate finances to support the plan have not been available. Establishing these standards for young people without an accompanying level of supportive resources is an arduous undertaking. The presence of sound, manageable, teaching-learning situations is a key to the success of any attempt to improve achievement levels. The need to reduce class size as the Student Progress Plan is introduced at grades one through six has long been apparent. However, while the school system has been attempting to implement the standards, the class size has remained the same.

The D. C. Public School System over the last few years has begun to receive recognition as a serious, no-nonsense school system committed to the comprehensive and complete education of its students. Just recently we were asked to participate in an evaluation of the Pittsburgh, Pennsylvania public elementary schools. The new directions we are undertaking regarding the involvement of the private sector in the school system's efforts to comprehensively educate children are predicated on the basis that a sound foundation at the elementary and junior high school levels would be present to support this bold initiative. The Fiscal Year 1983 budget provides that minimum foundation. However, even the Fiscal Year 1983 budget doesn't bring the District of Columbia expenditures for elementary and secondary education into line with our neighboring jurisdictions.

The following chart illustrates the disparity between the per cent of the District of Columbia's budget that is earmarked for education and that of our neighboring jurisdictions.

FY 1982 Expenditures

JURISDICTION	OPERATING BUDGET	ED. ALLOCATION	PER CENT
Prince George's	$ 504,805.0	$ 308,373.0	61.0%
Fairfax County	612,000.0	389,721.2	63.7%
Montgomery County	730,826.0	334,699.1	45.8%
Falls Church	12,414.4	4,200.9	33.0%
Alexandria	122,906.5	45,896.6	37.0%
Arlington County	202,300.0	58,291.9	28.8%
District of Columbia	1,640,000.0	264,284.3	16.1%

This pattern of educational spending is further reflected in the comparison of the District's per pupil expenditure for 1982 to the per pupil expenditures of surrounding jurisdictions. As the table below indicates, the District ranks last among area governments in its per pupil expenditures:

JURISDICTION	1982 PER PUPIL EXPENDITURES
Falls Church	$ 4,800 (est.)
Montgomery County	3,157
Alexandria	4,502
Arlington County	4,010
District of Columbia	2,635 (est.)
Prince George's	2,722
Fairfax County	3,135

The District not only spends less for education than all of its surrounding jurisdictions, it also seems to be holding to a constant reduction pattern. The school budget in Fiscal Year 1982 was $264 million, to which $6.8 million was added for cost-of-living pay raises. In Fiscal Year 1980, the school budget was approved by the City Council at $258 million, $2 million less in 1979. Congress cut back on the Council's figure by $11 million, which brought the school system's appropriation down to $247 million. The school system had to absorb $11.9 million of added burdens for pay raises, fuel cost overruns and added food services costs. After the budget cuts were made, the school system ended up with $232 million for 1980. In Fiscal Year 1981, the appropriated amount for the budget by Congress was $246.9 million. The school system had to go through a massive reorganization and traumatic reductions in teaching staff with this amount.

Mr. Chairman, it is important for this Committee to be aware that the current Fiscal Year 1983 budget is primarily directed to continuing support for implementation of the major instructional component of the school system's Comprehensive Education Plan--the Competency Based Curriculum. In the Fiscal Year 1983 budget, approximately $13,000,000 is specifically allocated for educational support to the Competency Based Curriculum. Additional teachers and teacher aides will be allocated to this effort. Staff development support to maximize teacher effectiveness in this area will also be increased.

The balance of the requested increase will be directed toward other major programmatic needs in Fiscal Year 1983. The thrust of these programs include:

- Providing the needed support to special education services, including inflationary support costs and student diagnostic and mainstreaming programs.

- Enhancing career development programs by focusing on training programs in high employment demand areas to develop student skills in specialized and marketable career areas.

- Establishing a coordinated computer literacy program to provide a system-wide focus on computer technology as both a learning tool for students and an instructional and management tool for teachers and administrators. Utilization of computer technology will also play a major role in implementing the school system's comprehensive educational plan.

Beyond supporting these programmatic thrusts, the increased funds will be used to provide support to other high priority needs within the school system. These include, but are not limited, to building maintenance and repairs, equipment replacement and repairs, staff development, program development and managerial improvements.

In conclusion, it should be noted that the Board of Education has embarked on several additional major thrusts.

- The Board of Education has established a School Finance Commission, with representation from the Board of Education, public school administrators, City Council, the Mayor, and citizens to develop a formula for determining the City budget mark for public elementary and secondary education.

- The Board of Education has initiated a comprehensive review of all school system resources including: school buildings, equipment, non-appropriated cash receipts, and personnel, to determine how to maximize the uses of these resources in order to increase efficiency of use and reduce costs.

- Finally, the Board of Education has committed itself to developing a good working relationship with the D. C. City Council and the Mayor, in an attempt to make public education a top priority in the District of Columbia.

STATEMENT OF REV. DAVID EATON

Mr. EATON. Good morning, sir. I'd like to introduce two of my colleagues, Mr. Hall, who is to my left and to your right, the chairman of the Finance Committee. He represents ward 2 in the District of Columbia. To your far left and my far right, is Mr. Eugene Kinlow, at large member of the School Board and formerly the president of the Board of Education.

Mrs. Floretta McKenzie, as you see, is here. She's our esteemed Superintendent of Schools and Mr. Hawkins is the associate superintendent for financial management for the District of Columbia School System.

BUDGET REQUEST AND SCHOOL SYSTEM

I will summarize my statement, Mr. Chairman. The opportunity to testify here is quite significant. As the president of the Board of Education I believe that the fiscal year 1983 budget of $306.5 million provides the minimum amount necessary to maintain the improvements we are beginning to see in student achievement.

Our ability to provide our students from low-income families with a sound educational foundation as they enter kindergarten and their elementary school years is necessarily tied to an adequate financial resource.

Mr. Chairman, the Superintendent will probably go into more detail concerning the Competency-Based Curriculum and the student progress plan—our school system's major instructional thrust. I'd like to jump over to page 3, in the testimony if I may, and just point out some things that are extremely important if one is trying to make an assessment of the amount of money that is needed in the District of Columbia public schools.

As you know, there's a high percentage of persons from low-income families who are members of our school system. Of our total student population of approximately 94,000, at least 50 percent of all students, are from what one would consider low-income families.

Most of us here believe the literature that says, in order for a child to succeed in school they have to have the type of background that helps them to be motivated. That is to say that we talk about parents reading books and having magazines around and related support of this nature. According to most educators, if students do not have that type of background they come into the school system severely limited in their level of expectations and level of motivation. This means that our teachers, especially those in the formative years, have to work extremely hard to stimulate many of these students to be motivated.

I bring this out because it does take money to do that, even though you have the best of dedicated teachers. I am a product of the District of Columbia Public School System. I was born and raised here in Washington, D.C. And I can testify that the teachers that I came in contact with spent long hours, not only with me but with many of my colleagues, and I can give you some interesting stories about that.

COMPARISON OF SPENDING WITH SURROUNDING JURISDICTIONS

But if you notice the chart indicates the disparity between the percent of the District of Columbia's budget that is earmarked for education and that of our neighboring jurisdictions.

I will not read the entire chart but it is submitted for the record. It is significant to note that in Prince George's County 61 percent of the budget is for education. Fairfax County, 63.7, Montgomery County, 45.8, Falls Church, 33 percent, Alexandria, 37 percent, Arlington County, 28.8, and with the tremendous responsibilities we have, the District of Columbia budget is 16.1 percent.

The per pupil expenditures that you will see on page 4, I think, clearly illustrates this and if you go down that you'll see that in Falls Church, the per pupil expenditure is $4,800 and in Montgomery County, $3,157. And if you go straight down the list you'll see that the District of Columbia is $2,635.

The District not only spends less for education than all of the surrounding jursidictions, it also seems to be holding a constant reduction pattern. The school budget for fiscal year 1982 was $264 million, to which $6.8 million was added for the cost-of-living pay raises.

In fiscal year 1980 the school budget was approved by the City Council at $2.58 million, $2 million less than 1979.

Congress cut back on the Council's figure which brought the school system's appropriation down to $240 million. The school system had to absorb millions of dollars and the added burdens for pay raises, fuel cost overruns, and added food services costs. After the budget cuts were made and supplemental added, the school system ended up with $243 million for fiscal year 1980.

In fiscal year 1981 the appropriated amount for the budget by Congress was $246.9 million. The school system had to go through a massive reorganization and traumatic reductions in teaching staff for this amount.

I am pleading for our budget request for this year because we are finally able to bring some stability to the system. The balance of the requested increases for the fiscal year 1983 budget will be directed toward other major programmatic needs. The thrust of these programs are included on page 5 of my written statement. In order to conserve time I will not read them.

MAJOR THRUSTS OF THE BOARD OF EDUCATION

I will say in conclusion it should be noted that the Board of Education has embarked on several additional major thrusts and those thrusts I would like to enumerate and they are given on page 6 of my written statement.

The Board of Education has established a school Finance Commission with representation from the Board of Education, public school administrators, District Council and the Mayor and citizens to develop a formula for determining the District budget mark for public, elementary and secondary education. This, I think, is a significant achievement because it brings in all of the sectors concerned with public education in the budget planning process and I think our Board should be commended for that, and especially the Superintendent and my predecessor.

The Board of Education has initiated a comprehensive review of all school system resources, including school buildings, equipment, nonappropriated cash receipts and personnel, to determine how to maximize the uses of these resources in order to increase efficiency of use and reduce cost.

Finally, the Board of Education has committed itself to developing good working relationships with the District Council, and the mayor, in an attempt to make public education a top priority for the District of Columbia.

Thank you, Mr. Chairman. I have submitted my complete statement in writing.

Statement of Floretta D. McKenzie

Senator D'Amato. I'd like to ask several questions but I think your superintendent, Mrs. McKenzie, do you have any observations that you'd like to make before we get into any questions?

Mrs. McKenzie. Yes; I'll make very brief observations because, of course, my statement is available.

Senator D'Amato. And your statement will be included into the record, as I've indicated.

[The statement follows:]

STATEMENT OF FLORETTA DUKES MCKENZIE

Senator D'Amato and Members of the Committee, I appreciate the opportunity to testify before you this morning regarding the D.C. Public Schools' fiscal year 1983 budget, and our efforts to provide the quality of education in the District of Columbia Public Schools that will prepare our students to lead productive and satisfying lives.

Our responsibility is to provide educational training and socialization for tomorrow's leadership and workplace. Our success, in many ways, is key to the City's success as a whole. Academic achievement for all of our students is our number one priority. Institutionalization of the Competency Based Curriculum is proving quite successful. D.C. Public School students in grades 1-6 are demonstrating substantial academic progress. Based on mid-year reports on elementary reading and mathematics skills, students scored substantially higher than in the previous year.

Last year, we initiated the Student Progress Plan in grades 1-3, requiring students to learn specific sets of skills in reading and math by the end of each semester of school work. In September 1981, the Student Progress Plan was expanded to include grades 4-6, a total of 40,598 students are now working under the SPP required standards. As of January 29, 1982, the end of the first semester, 72.7 per cent of the elementary students were promoted. Among grades 1-3, a total of 80.9 per cent of the students were promoted. In comparison, the promotion rate at the end of the first semester last year was 68.2 per cent for grades 1-3. We are committed to continuing this type of progress.

Career Development

In addition to a primary emphasis on the mastery of basic competencies, we have five career high school programs scheduled to open in September, 1982.

Negotiations are under way with lead employers representing major local employment sectors. Lead employers include national companies, such as General Motors and Control Data Corporation, as well as large firms with a substantial local presence, such as IBM and Blue Cross/Blue Shield.

Among the companies we have contacted, interest in our approach has been high and sustained. From our negotiations to date, we can assess at least a 90% probability for closure with the following projects:

- High School Program for the Engineering Professions

  General Motors has been designing with us a high school for the mechanical, electrical, and industrial engineering professions since October, 1981, based largely on its experience with the General Motors Institute for Engineering and Management.

  Potomac Electric and Power Company (PEPCO) joined as the local lead developer in March, 1982. PEPCO is not only one of the area's largest employers of engineers and engineering technicians, but is also a pioneer in privately initiated work-study programs, through its Advanced Career Training Project. An institute for technician training is being developed by Digital, and will probably be affiliated with this high school.

- High School Program of Communications

  Goldberg-Marchesano, a large advertising and public relations firm, took the design leadership in November, 1981, for the communications high school, which will offer concentrations in advertising, public relations, communications arts, and print and broadcast journalism. Goldberg-Marchesano has recruited a task force of sixty-five companies to support the school, including for example, Gannett Publications, Mutual Broadcasting System, National Cable Television Association, Services by Satellite (SAT Serv), and a number of local broadcasters, publishers, and advertising/public relations firms.

- High School Program for Computer Science Professions

  Because it is a large local employer with a national track record for coupling business and public interest, we're working with IBM, with a view toward co-developing the computer science high school. Housed within a comprehensive high school, the program would offer elective concentrations in, for example, computer communications and business applicatons, and computer

science, programming and operations. Xerox has also extended general support in this area.

- High School Program for Business Professions

  The business high school will offer concentrations in finance, management, marketing, and office practice, including the use and applications of business machines and systems. Blue Cross/Blue Shield, in collaboration with other insurance companies and banks, such as N.S. & T., are the co-developers.

Computer Literacy

Despite the increasing computer presence, the field of education has lagged behind in the use of available technology. Not only have we continued to focus teaching on paper-and-pencil tasks just as educators have done over the centuries, we have persisted in running the management side of education in outmoded, "by hand" methods.

While education always will be a "people business" and we cannot forfeit human interaction and concern to the onslaught of silicon chips and video display terminals, we likewise cannot wear blinders to avoid the present and future demands of our society.

The D.C. School System is embarking on several initiatives to bring education in line with the technological capabilities of the times. Although some of our schools have made limited inroads in the area of computer-assisted instruction, the school system and the Control Data Corporation will be working together to begin a "state-of-the-art" program of computer learning.

Additionally, the Council of Great City Schools, in conjunction with the Ford Foundation, is assisting with the application of appropriate technology to various school management functions such as procurement, finance and personnel.

Overview of FY 1983 Budget

Many people justifiably ask if student enrollments in our schools are declining (approximately 3,600 less children will be attending school next year), why must education cost more? One of the major reasons, of course, is inflation. Prices in the last decade have increased over 100 per cent. The goods and services bought for $100 in 1969, now cost more than $200.

Additionally, enrollment declines cannot be totally reflected in such services as local school office staffing; i.e., principal, assistant principal, school secretary, fuel and energy costs and building maintenance, unless large student decreases are tied to an individual school, rather than spread across the school system as they generally are. If a school is painted or if it receives repairs to its furnace, as you are aware, these costs cannot be related to a specific number of students. Facilities must be maintained both for the safety factors involved and to facilitate instructional programs. As student population declines, new criteria are established to reflect reduced pupil population. Reductions in teaching services as well as other support areas have always been in proportion to pupil decline; however, in past years, the D.C. Public Schools have been forced to increase our pupil-teacher ratios in order to absorb budgetary cuts which affected our same level of services.

The FY 1983 budget takes into consideration staff reductions as a result of declining student populations. This, however, is coupled with the need to ensure that the pupil-teacher ratio upward creep of the last few years is adjusted downward to maintain classroom sizes which will facilitate effective instructional programs. Appropriate classroom sizes are a dire necessity to accurately support our Comprehensive Educational Plan.

The FY 1983 budget includes increases in the following major areas:

- Mandatory and inflationary
- Capital Improvements for School Laboratories
- Improved Services/Program and Workload Increases
- New Programs
- Federal Program absorptions

Although these increases amount to $42 million and represent a total budget request for 1983 of $306.5 million, in inflationary dollar values, the amounts are less. The spiraling inflationary increases that have plagued the country for the last few years are nearly doubled for metropolitan areas. Since 1977, the inflationary increase for metropolitan areas has held to a double-digit range.

	Metro	Overall
1976	9.5%	4.8%
1977	11.9%	6.8%
1978	14.0%	9.0%
1979	21.6%	13.3%
1980	26.1%	12.4%
1981	22.6%	8.9%

If a conservative and declining inflationary rate of 15% is projected for FY 1983, we will find that the buying power of the funds requested represent an increase of only $35.5 million instead of $42 million. In essence, the level of services that can actually be purchased in real dollar value are greatly diminished by inflationary factors.

Of the five categories of increases requested, the largest allocation of funds, nearly $19 million, are needed to cover those increases that result from statutory and contractual requirments relative to school system employees.

This category also includes an estimated 5% pay raise for FY 1983, and increases in Special Education tuition contracts as well as nearly $3 million for energy costs.

The second category of requested funding, capital improvements, allows slightly less than $1 million to upgrade school laboratories in three secondary schools: one vocational high school; one career center; and one secondary science lab. It is important to realize that as we expect more of our students and teachers, the appropriate facilities and supports are required to enhance their efforts to do more and strive toward excellence.

The major expenditure areas under the third funding request category, Improved Services/Programs, include lowering the pupil-teacher ratios and supporting Career Development and Special Education services. Better than $10 million of the $11.8 million requested in this area is allocated for these services. Lowering the pupil-teacher ratio is a necessary "hold-the-line" item. It allows us to implement the same pupil-teacher ratios comparable to those employed prior to SY 79-80. The effort supports the continued implementation of our Competency Based Curriculum, an instructional thrust that represents a coordinated and system-wide approach to providing an individualized and systematic educational program to students in grades K-12. To maintain and enhance the success of this thrust, we must provide the necessary classroom support to accomplish this end.

The increased support for the Career Development Program will allow the school system to enhance the employment possibilities of our students. Given the high unemployment for black urban youth, it is indeed crucial that the D.C. Public Schools be committed to providing the best possible educational preparation for jobs in employment fields that will need skilled personnel.

The last two categories of funding included in our budget request represent increases for new programs and federal program absorptions.

For the new programs, as is the case for most of the other categories of funding, the major areas of expenditures (approximately $3 million of the $3.5 million requested) will be allocated for the direct support to the instructional program. These programs include the establishment of a coordinated computer literacy program to provide a system-wide focus on computer technology, both as a learning tool for students and an instructional management tool for teachers and administrators. Paraprofessional support for the Student Progress Plan at the elementary level represents the other major program areas within the new program category. The Student Progress Plan allows for close monitoring and individual pacing of each student's progress and provides for grade promotions as a result of specifically identified areas of learning.

Under the last category of requested funding, Federal Program absorptions, we are including those services crucial to school system operation that heretofore have been funded through Impact Aid and Indirect Costs. This inclusion will provide critical support positions and services in the school system for such things as staff for school security and safety efforts, personnel certificaton, various student services, and some administrative functions.

CONCLUSION

Preparation of District of Columbia children to lead productive and satisfying lives is the mission of the public school system. We will accomplish this by ensuring academic success for each student through the mastery of basic skills and the preparation of each student to successfully enter the work place. Good management and sound teaching, tied to an adequate financial base, will ensure that we are successful.

STUDENT PROGRESS PLAN

Mrs. McKENZIE. Thank you.

Our efforts this year have been to provide the kind of quality programs that will enable the young people of this school district to lead satisfying and productive lives. We recognize that the success of the school system is, in many ways, the key to the success of the District as a whole.

Academic achievement is our top priority and we are very pleased to note that our youngsters are making significant gains under the competency-based curriculum, instructional thrust, which was instituted about 6 years ago. We are seeing a demonstration of substantial academic progress on the part of young people.

Our student progress plan that was implemented a year ago is indicating that our young people are, indeed, meeting the standards that have been established for promotion from grade to grade.

We are looking very hard at our career offerings. We have five career development centers under renovation and we are also trying to infuse career-focused programs within our regular comprehensive high schools.

In addition, we are very cognizant of the change in technology in our society and we are trying, through this budget, to increase the application of technology to instruction as well as to the management of the school system itself.

We hope, with the implementation of this budget, to halt the pupil-teacher ratio upward creep and to provide adequate numbers of teachers so that we can continue the improvement of achievement that we are noting now and accelerate it.

We also are giving very great attention to how we do business because we believe good management and sound teaching, tied to an adequate financial base, will insure the success of our young people.

Senator, I'm prepared now to respond to questions.

PROVIDING CAREER DEVELOPMENT OPPORTUNITIES

Senator D'AMATO. Mrs. McKenzie, let me first indicate to you that I'm very much impressed with the work that you are doing in conjunction with attempting to provide career development opportunities in those areas, in the computer areas and the engineering programs with General Motors, your high school program of communications, again, particularly with IBM. I think that your view toward developing the codevelopment computer high school is an absolutely magnificent effort and I applaud you for undertaking something that is so necessary and basic to giving our young people the opportunities to compete in the skill areas that will provide job opportunities and growth and development, that we give them a meaningful education and one that will be meaningful in terms of their being able to compete in a very difficult economic situation. Even when the economy improves our young people are going to need the type of skills to compete in the private sector. This type of program is absolutely essential.

So, I want to commend you in that area and regard and urge you to continue it. I think it's just so very important. My own home back in

New York in the suburban communities of Long Island, I do not believe have been doing nearly enough. They have high socioeconomic backgrounds, and they're trading on that in many cases instead of beginning to move into these areas. They have been getting away with it because most of their young people are college bound, but they are skating on thin ice when they don't move into these areas.

So let me commend you for that.

Mrs. McKenzie. Thank you very much.

ACKNOWLEDGING THE SUPPORT OF CONGRESS

Senator D'Amato. Reverend, let me indicate to you the Congress did approve, at my urging, the request which finally came through the City Council, and I think that we have been helpful and in terms of our support some have characterized the support that this committee and the Congress has given as overly generous. I don't see it in that light but I looked at your remarks and I think that maybe with a judicious eye, one would say that possibly there was a little over-simplification and that really there should have been some mention of the cooperative effort that Congress showed in attempting to deal with these needs.

SIXTEEN PERCENT INCREASE IN FISCAL YEAR 1983 BUDGET

Now, now that I have said that, let me indicate to you that, for the record, we're talking about increasing an amount—you've asked for $311 million, approximately, and the City Council and the Mayor have recommended $306 million. So that will lead me to a question as to your reprograming in order to deal with that.

But I might add that that is a $42,233,000 increase, which represents a 16-percent increase and which, I think, in light of the difficult financial times that we all face, even the Board of Education would have to indicate that that is quite a generous recommendation. Would you agree or disagree with that?

Mr. Eaton. I would say it's a realistic recommendation that comes from the Council and the Mayor and I would like to explain the reason I deescalate generous to realistic.

One of the key points in the competency-based curriculum has to do with the student progress plan. I know this thoroughly, because my wife has been teaching in the elementary school now for about 15 years and I'm with her quite often when she is grading report cards and going through the student progress plan and trying to keep up.

The Superintendent will go into probably a little more detail, but I would like to give the high points. In instituting the competency-based curriculum, what we're actually doing is setting up a system by which a teacher can determine where the student is succeeding and failing in a much more accurate way. In order to keep up with this plan, a detailed check list of what needs to be done must be maintained. Students may be reading, let's say on a third-grade level, they may be doing mathematics on a second-grade level, they may not even be on the chart let's say, in science. Now, you need teachers who can cover such erratic performances in different subject areas and you need aides to support those students. A considerable amount of the money requested for fiscal year 1983 is going to this effort in order to stabilize the student progress plan.

As you know, we had labor negotiations. A great percentage of the fiscal year 1983 budget request, Mr. Hawkins can tell you what amount, goes for increases in labor cost. It goes for the completion of our contract negotiations. One of the key features which is occurring in many instances throughout the country is the dental program which costs $13 and some cents for each teacher per month. Other types of costs including the cost of living have really increased program maintenance costs.

MEANINGFUL INCREASE IN BUDGET

Senator D'AMATO. Excuse me. The facts indicate that there is an increase of some $42 million plus; 379 new teachers have been provided for. That's a 16-percent increase and when you talk about 16 percent in terms of a budget of better than one-quarter of a billion dollars, moving from some $240 some odd million, to over $300 million, you might want to differ with me in the characterization of what that increase is. It's a meaningful increase.

Whether you want to say it's in recognition of an important area, the education of our young people and providing them the opportunity, no one will disagree. But, I am going to hold to my contention and that is that, this is a generous increase and that is that you have little to complain about.

Mr. EATON. Yes; I agree.

Senator D'AMATO. OK. Let's get the record straight because I have indicated to your superintendent that I am most encouraged when I see the kinds of programs that the District is attempting to develop will give to young people career opportunities, career placement, real jobs. That's part of education.

If we are going to break the poverty cycle and break the cycle of ignorance, that is as important, in some cases may be even more important. It brings about self-work, and self-esteem. Young people can have jobs that can be competitive, and go out there into the public or private sector well prepared.

No one is disagreeing in terms of some of the manners in which you are attempting to deal with young people who have problems, whether it is reading or writing, in terms of trying to bring them up across the board. But, what I am simply saying to you is that I think we should recognize here in a nonpolitical atmosphere, that this is a significant step in the educational opportunities that hopefully will be afforded as a result of this budget and hopefully this budget will be approved and adopted.

I have no doubt that this Senator will be supportive on this particular budget. But, let's understand that it is a very substantial improvement in terms of the dollars made available. No one is indicating that those dollars are going for purposes that they shouldn't or that they are not well spent. But, I think that sometimes it would behoove people who have to work together in this area to say, we are gratified that the

District Council, and the Mayor and hopefully the Congress has offered to put forth a dollar amount that we think will go a long way toward meeting some of the needs that we have in the District, and that's children now.

Mr. EATON. I quite agree, Senator, and my difficulty was a misperception, I thought you were talking about an actual increase. But, as to the proposed increase, I agree completely. I was focusing on my remarks previously, on what had been the case with the Council, especially in the reduction cycle. So, I was tuned in on that.

RECOGNITION OF CONGRESSIONAL SUPPORT

Senator D'AMATO. When we talk about the reductions, then moved to reduce it, not this Congress, because we supported what the administration put forth to use and I think that recognition is something that we should have. Now, when we go in the opposite direction then you should say, look, you moved in such a way as to impair our ability.

I don't mind taking the brickbats.

But, when I see——

Mr. EATON. No, no. I agree with you wholeheartedly.

Senator D'AMATO. I think we should note that for the record. I think it's necessary.

STATUS OF PROPOSED SCHOOL CLOSINGS

In terms of the proposed school closings that have been indicated, I know that there was a proposal from the Superintendent. What is the status of that? Will you be going forth with certain school closings, consolidations? Will that effectuate some savings? Is that how you attempt to deal with them?

Mr. EATON. Yes, we have. There are two schools on the proposed closing list. I anticipate that those schools will in fact be closed and that would give us a savings of about $100,000 per school.

We also may be able, before the beginning of the next school year, to lease space to groups that operate programs compatable to the educational system.

And, going back to something I said earlier, about bringing in groups, leasing space at below cost of what the space is in the area, if they are community groups, that would help stimulate the students in that building. For example, if you are in elementary school, let's say the school is only two-thirds filled, you have another one-third of the space that you can use creatively. By bringing in senior citizens groups and a day care facility that will be in the building, those students will come in contact with the people that they would not usually come in contact with as a part of the normal year.

We also have feelers out for companies who are in high technologies, especially data processing, that might want to lease space. If such companies are interested in leasing space, it will give the school system certain services and help the students in that building understand modern technology, not as a tradeoff, but as an addition to the lease.

The lease money would help defray some of our maintenance costs. It is earmarked only for the maintenance costs alone. So, we are very happy with the cooperation that we are getting with the District Council on this and, yes, we are moving and we are going to be moving to close two schools this year.

IMPROVING THE SCHOOL DROPOUT RATE

Senator D'AMATO. One of the great problems we have is the attrition rate that is experienced and it's not peculiar just to Washington, but in other school districts who have similar demographics in the grades 7 through 11. I note with some interest that the attrition here runs about 15 percent. I'm wondering, Mrs. McKenzie, if you could give me an idea as to what special attention, if any, is given to attempting to retain as many of these youngsters or give them alternative of placement?

Mrs. MCKENZIE. Senator D'Amato, that data on 15 percent is earlier data. We have increased our holding power, so that we are losing only about 4 percent of our senior high school students. Our problem continues to be attendance in our senior high schools. Our attendance is not as good as we would like.

We launched very conscientious efforts this year, to reduce the percentage of absenteeism and I am pleased to indicate that we had over 7,000 persons volunteering in our schools this year, with a number of them concentrating on calling parents if students were absent. Particularly at the secondary level, to try to stimulate interest and improve the achievement of students, particularly those in the dropout age range.

We are trying to provide more career-oriented programing. We are also trying to move to develop more rigorous standards for secondary-age youngsters and we are again expanding our vocational offerings. We feel that if we can relate school more closely to what young people will do after they leave school, we think that will improve their achievement and also enable them to be more interested and active in the school life.

We also have improved our student government operations. We have improved our school newspapers and all of those other things that help young people enjoy school more. So, we are very pleased that we're about at 4 percent at high school, and at junior high and elementary less than 1 percent dropout. But, we are working on that attendance problem.

Senator D'AMATO. Let me, if I might address an area that sometimes we don't like to focus in on, and let me preface my remarks by asking you to also become part of this task force that we are going to be moving with in the next several weeks.

[Discussion off the record.]

INCREASE IN DRUGS IN THE DISTRICT

Senator D'AMATO [continuing]. But, we had the police chief testify, I think, yesterday. I say I think yesterday in the afternoon. You lose a sense of time. He gave some startling statistics in terms of the crime epidemic that we face and also touched on the fact that there appears to be, and I might note, this is not just Washington, D.C. I don't want people to think I'm picking on the District of Columbia. We have the same thing in most of our major areas and in most of the major cities that are within New York, and new York City in particular. There's an epidemic in the area of drugs. Heroin in particular is a big problem.

I was absolutely appalled and taken aback when he indicated to me that several years ago the figure was 8 to 10 overdose deaths as a result of heroin. And now that figure is up to 100 annually. It's an appalling, shocking thing and it relates directly to street crime, with the recidivism, with those who find it necessary to support the habit, and crimes of violence.

I am wondering how does that effect the District? Have you observed the correlation? I would suppose there is one. We note the same kinds of things that take place in school districts in New York when this was on the upswing. What are you doing to deal with it? Then again, I would say to you that I would like your participation in this area.

Mrs. McKENZIE. Very briefly, Senator, we are very conscious of the drug substance abuse problem, and we have been working with the Department of Education in training teams of teachers working with the community leaders, because we recognize that the school is just one part of it and we have recently developed a small group to work with other District agencies that are in the drug enforcement business so that we can develop joint activities that would help ease the problem.

We feel very strongly that our schools must be drug-free and I would like to commend the Metropolitan Police Department because they have worked with us extremely well on numerous occasions. We have had to place undercover police in our senior high schools and we have found that to be an effective arrangement.

We indicate very clearly to our parents that we believe that the use of drugs is a criminal offense and we will treat it as such. So, as well as providing through curriculum training, education about substance abuse, we are intensifying our work with other District agencies engaged in substance abuse.

UPSURGE IN DRUG USAGE

Senator D'AMATO. Have you noticed an upsurge in this use?

Mrs. McKENZIE. In fact, we were talking with our director of safety and security about it yesterday. We think there is some upsurge and so that has caused us to develop new strategies, particularly where we are working across agency lines and working with the District-wide PTA and civic associations to see if we can curb that increase and particularly to see if we can help make our schools drug-free.

Mr. EATON. Senator, there's one point on which I think the Superintendent would agree and I would like the record to reflect. The problem in the D.C. Public Schools is not heroin. I mention this because you mentioned all drugs inclusively. The increase in drug use that we are discovering is in marihuana. And I think the difference that the District of Columbia has with other locales is that in the school system, even though we cannot anesthetize the school system, those kids who are going to school who get into the substance abuse, mostly use marihuana and almost never use heroin. You noted earlier a dropout rate that now has been reduced. It's the ones who dropped out of school who get into heroin.

The suburbs, as you know, get into marihuana and cocaine and there has been no indication that I know of, unless the Division of Safety and Security has knowledge of cocaine use, mainly because I think it's too expensive.

So what we have done, really, is try to deal with the marihuana situation. That's found mostly in some of the high schools, few of the junior highs, and, to my knowledge, none of the elementary schools.

Senator D'AMATO. It's found in many high schools around the country, as a matter of fact, so it's not something that is indigenous just to Washington. But we are concerned in terms of the hardcore use of drugs, heroin, which has become a major problem.

Mr. EATON. We don't have that problem.

COMMENDATION OF SCHOOL OFFICIALS

Senator D'AMATO. Let me thank you for your participation and commend you for some of the things I've indicated to you and I, for one, look very favorably upon—and am delighted that the city has made the kind of recommendation that it has. I think it will help you address the problems of many of our young people.

Mrs. MCKENZIE. Thank you very much, and I'll be pleased to serve on the task force when it's formed.

Senator D'AMATO. Very good. Thank you.

Mr. EATON. Before we leave, I'd like to introduce one other board member, Senator, that I missed, Ms. Wanda Washburn who is here also.

Senator D'AMATO. We'll note it for the record.

Mr. EATON. And we have a member of the District Council here, Ms. Polly Shackleton.

SUBMITTED QUESTIONS AND RESPONSES

Senator D'AMATO. Yes; Ms. Shackleton is going to be up next. Thank you very much. I have some questions which I will submit for your responses.

Mrs. MCKENZIE. Thank you.

[The following questions were not asked at the hearing but were submitted for response for the record:]

Questions Submitted by Senator Alfonse M. D'Amato

BOARD OF EDUCATION (D.C. PUBLIC SCHOOLS)

SENATOR D'AMATO:
1a. The Board is seeking an increase of 379 positions over the current number. Please tell us what type of positions these are and why they are needed?

SUPERINTENDENT McKENZIE:
1a. The type of positions requested and why they are needed follow:

(A) A Career Development matching requirement of five dollars of school funds for every dollar of federal funds. (Type of positions - Teachers, Supervisors, Specialists, and Clerical).

(B) Safety and Security increase to maintain a safe and secure environment in our schools. (Type of positions - Specialists and Administrators).

(C) The Special Education Child Study Center - for additional assessments, diagnosis, and placements. (Type of positions - Supervisors, Specialists, and Paraprofessionals).

(D) Special Education Program Development - to ensure a least restrictive setting for handicapped youngsters. (Type of positions - Teachers).

(E) To provide the Communications Office with increases needed to deliver valuable information to the public. (Type of positions - Specialists and Clerical).

(F) To provide the Division of Program Development and Planning the ability to develop a five-year Comprehensive Education Plan, coordinate the on-going school closing process, and design and implement the citywide student assessment (testing) program. (Type of positions - Supervisors, Specialists, and Clerical).

(G) Staff Development training for teachers and administrators. (Type of positions - Specialists and Administrators).

(H) Substitute Teacher and Clerical Calling Service to assist school principals in obtaining substitutes in these areas in a more timely and efficient manner. (Type of positions - Clerical).

(I) The repair and maintenance of buildings. (Type of positions - Technician/Craftsman and Specialists).

(J) To establish a new computer literacy program and curriculum to meet today's and tommorrow's skills and challenges. (Type of positions - Supervisors, Specialists, Technician/Craftsman, and Clerical).

(K) Life Skills Seminars to ensure that students have mastered the necessary competencies upon graduation to move into the world of work. (Type of positions - Teachers).

(L) A volunteer component to coordinate volunteer tutorial services, recruitment, training, monitoring, and evaluation. (Type of positions - Specialists, Administrators, and Clerical).

(M) Career Intern Placement of students with limited English proficiency (Bilingual), but have demonstrated interest in career and post-secondary education. (Type of positions - Administrators, Teachers, Supervisors, and Clerical).

(N) Indirect Cost absorption of essential services such as employer-employee relations, legal services, instructional services, and equipment maintenance. (Type of positions - Administrators, Technician/Craftsman, Custodial/Transportation, Specialists, and Clerical).

(O) Impact Aid absorption of essential services such as the on-going Pre-Kindergarten program, bus drivers and aides, security personnel, pupil appraisal, communciations, and pupil services. (Type of positions - Administrators, Supervisors, Teachers, Specialists, Paraprofessionals, and Clerical).

(P) To lower Pupil-Teacher ratios - these positions are authorized in FY 1982 and this request will fund them. (Type of positions - Teachers).

SENATOR D'AMATO:
1b. How many are the result of absorption of impact aid reductions?

SUPERINTENDENT McKENZIE:
1b. Of the 379 positions requested, 104 are the result of absorption of impact aid reductions.

SENATOR D'AMATO:
2. How will these additional positions affect class size?

SUPERINTENDENT McKENZIE:
2. Class size will go down in elementary grades 1-6 from a ratio of 27.0:1 to 25.0:1, in junior high school shop from a ratio of 28.0:1 to 20.5:1, in senior high school academic from a ratio of 29.5:1 to 26.0:1, and in senior high school shop from a ratio of 23.3:1 to 18.0:1.

SENATOR D'AMATO:
3. Please provide a table for the fiscal years 1981, 1982 and 1983 showing the various District schedule and Teachers' Salary Act schedules and the number of employees at each salary level. Include authorized and funded positions.

SUPERINTENDENT McKENZIE:
3. The following table shows for fiscal years 1981, 1982, and 1983, the various District schedule and Teachers' Salary Act schedules, and the number of authorized positions at each salary level, including authorized and funded positions:

Teachers' Salary Act	FY 1981	FY 1982	FY 1983
TSA-1A	1	1	1
TSA-1B	1	1	1
TSA-2A	2	1	1
TSA-2B	1	3	3
TSA-3	9	8	8
TSA-5	9	10	10
TSA-6	193	186	189
TSA-7	35	31	32
TSA-8	145	133	135
TSA-10	51	53	62
TSA-11	-0-	-0-	1
TSA-12	4	4	4
TSA-13	1	1	2
TSA-14	1	1	1
TSA-15 1/	5,819	5,778	5,886

District Schedule	FY 1981	FY 1982	FY 1983
DS-15	8	8	11
DS-14	8	10	10
DS-13	25	26	27
DS-12	33	37	49
DS-11	67	67	79
DS-10	5	6	6
DS-9	79	89	148
DS-8	17	19	34
DS-7	52	49	63
DS-6	250	250	263
DS-5	97	97	125
DS-4	373	365	409
DS-3	11	11	16
DS-2	1	1	2

1/ Includes unfunded TSA-15's of 116 for FY 1981, 322 for FY 1982, and 173 for FY 1983.

SENATOR D'AMATO:
4. Also provide information on the number of temporary positions in the Board of Education. Please include total number, total salaries, total benefits if any as well as the average duration of employment.

SUPERINTENDENT McKENZIE:
4. The total number of temporary positions in the regular appropriated budget is 157 positions totalling $3,223,356 for compensation and $300,593 for benefits. The average duration of employment is normally one year or less.

SENATOR D'AMATO:
5. Mrs. McKenzie, please tell us something about your efforts to engage private sector support school programs?

SUPERINTENDENT McKENZIE:
5. D.C. Public Schools' early efforts in securing corporate partners have been directed toward identifying lead companies to join with us in co-developing career modules in five high schools scheduled to open in September 1982. Negotiations are under way with lead employers representing major local employment sectors. Lead employers include national companies, such as General Motors and Control Data Corporation, as well as large firms with a substantial local presence, such as IBM and Blue Cross/Blue Shield.

Among the companies we have contacted, interest in our approach has been high and sustained. From our negotiations to date, we can assess at least a 90% probability for closure with the following projects for FY 1983:

High School Program for the Engineering Profession

General Motors has been designing with us a high school for the mechanical, electrical, and industrial engineering professions since October, 1981, based largely on its experience with the General Motors Institute for Engineering and Management.

High School Program of Communications

Goldberg-Marchesano, a large advertising and public relations firm, took the design leadership in November, 1981, for the communications high school, which will offer concentrations in advertising, public relations, communications arts, and print and broadcast journalism. Goldberg-Marchesano has recruited a task force of sixty-five companies to support the school, including, for example, Gannett Publications, Mutual Broadcasting System, National Cable Television Association, Services by Satellite (SAT Serv), and a number of local broadcasters, publishers, and advertising/public relations firms.

High School Program for Computer Science Professions

Because it is a large local employer with a national track record for coupling business and public interest, we are working with **IBM**, with a view toward co-developing the computer science high school. Housed within a comprehensive high school, the program would offer elective concentrations in, for example, computer communications and business applications, and computer science, programming and operations. **Xerox** has also extended general support in this area.

High School Program for Business Professions

The business high school will offer concentrations in finance, management, marketing, and office practice including the use and applications of business machines and systems. **Blue Cross/Blue Shield**, in collaboration with other insurance companies and banks, such as N.S.&T., are the co-developers.

Computer Literacy

Despite the increasing computer presence, the field of education has lagged behind in the use of available technology. Not only have we continued to focus teaching on paper-and-pencil tasks, just as educators have done over the centuries, we have persisted in running the management side of education in outmoded "by hand" methods.

While education always will be a "people business" and we cannot forfeit human interaction and concern to the onslaught of silicon chips and video display terminals, we likewise cannot wear blinders to avoid the present and future demands of our society.

The D.C. School System is embarking on several initiatives to bring education in line with the technological capabilities of the times. Although some of our schools have made limited inroads in the area of computer-assisted instruction, the school system and the Control Data Corporation will be working together to begin a "state-of-the-art" program of computer learning.

Additionally, the **Council of Great City Schools**, in conjunction with the **Ford Foundation**, is assisting with the application of appropriate technology to various school management functions such as procurement, finance and personnel.

SENATOR D'AMATO:
6. Last year's Senate report, on page 33, encouraged the school system to work with the National Association for Industry-Education Cooperation and Howard University's Institute for Urban Affairs and Research to develop a program to provide students with adequate skills to meet potential employer's needs. Whatever came of those talks?

SUPERINTENDENT McKENZIE:
6. Exploratory talks were held with the National Association for Industry-Education Cooperation and Howard University's Institute for Urban Affairs and Research. These talks were beneficial in the conceptualization of our current Public/Private Partnership Program. This new venture is designed to meet the academic and career needs of our students as well as the employee needs of business. We are actively involved in planning for new programs which are being designed cooperatively with major private sector employers. These programs will open in September, 1982, and represent the first steps in what we view as a continuing partnership with our schools and businesses.

SENATOR D'AMATO:
7. An analysis by the Greater Washington Research Center notes that employment is likely to decline at only about one-half the rate of enrollment. Would you comment on the reasons for that?

SUPERINTENDENT McKENZIE:
7. Generally the proportional rate of decline for direct instructional staff or teachers is at the same rate of decline as enrollment if the same pupil-teacher ratios are maintained.

For example: If we have 90,000 students and we lose 4,000 and the pupil-teacher ratio is 25.0:1, the enrollment rate of decline would be 4,000/90,000 or 4.4%. At a 25.0:1 ratio our teachers would decline by 160, (4,000/25 = 160), from 3,600 teachers to 3,440. The teacher rate of decline would be 160/3,600 or 4.4%.

However, non-teaching school staff is not generally affected since criteria are used rather than ratios. Since schools still have to be opened and operational, we would still need the services of maintenance workers, boiler plant operators, principals, assistant principals, counselors, librarians, and curriculum writers, and others.

SENATOR D'AMATO:
8. This analysis also noted that increased staffing ratios have not lowered pupil-teacher ratios and that instead more specialists and administrators are being hired. Would you comment?

SUPERINTENDENT McKENZIE:
8. If the increased staffing is specifically teachers and the enrollment remains the same, the pupil-teacher ratios are lowered. In our case for example, in FY 1981 we had to reduce teachers over and above what was needed to maintain ratios in a declining enrollment situation, in effect increasing class size. In FY 1983, however, approximately 50% of the total number of increases in positions requested are teachers that would lower ratios. In addition, there are vital and essential indirect instructional and support services in all school systems such as testing, curriculum writing, counselors, librarians, security, transportation, maintenance, and financial services. This mentions only a portion of the services that must be provided that do not lower pupil-teacher ratios.

UNIVERSITY OF THE DISTRICT OF COLUMBIA

SENATOR D'AMATO:
1a. The University's budget calls for a 14% increase over the 1982 level. In what areas are these increases necessary?

MR. CARTER:
1a. The fourteen percent (14%) is an increase of $7,352,000. $1,920,300 of the increase is a transfer-in of space rental authority that was previously budgeted with the Department of General Services for the University. $3,275,800 are new dollars related to the rapidly escalating cost of leasing 335,634 square feet of space in downtown facilities which we are still forced to occupy. The balance of $2,155,900 is to defray the cost of the District's October 1982 pay adjustment. All of the above increases are necessary.

SENATOR D'AMATO:
1b. Recently the City advertized for a developer to build on the Mount Vernon campus site and received no proposals. What is the next step?

MR. CARTER:
1b. The University is in the process of evaluating the situation. Conversations are being held with developers and city officials to determine the reasons no proposals were received. Following this evaluation, the City plans to revise the Request for Proposals, and to reissue it within six to nine months.

SENATOR D'AMATO:
1c. What is the status of consolidation of the Van Ness Campus; when will all classes be on the UDC campus as opposed to scattered at predecessor institutions facilities?

MR. CARTER:
1c. Except for a portion of the physical education facility, the Van Ness Campus Phase II construction is essentially complete, and those academic programs which can be accommodated have already been relocated on the Van Ness Campus. Upon completion of the physical education facility next fall, the University will move its physical education programs from Building 05 (16th & Q Streets, N.W.). Inasmuch as the Van Ness Campus facilities are insufficient to house all University programs it will not be possible to hold all classes on the UDC Van Ness Campus. On the contrary, UDC will of necessity continue to maintain academic facilities and classes in the following scattered buildings:

Building 03	(1321 H St., N.W.)
Building 06	(31 P St., S.E.)
Building 07	(753 8th St., N.W.)
Building 10	(916/918 G St., N.W.)
Building 13	(724 9th St., N.W.)
Building 17	(929 E St., N.W.)
Building 20	(8th & K Sts., N.W.)
Building 30	(Hangar 10, National Airport)
Building 50	(2565 Georgia Avenue, N.W.)
Building 51	(1100 Harvard St., N.W.)

After completion of the Van Ness Campus Phase III construction and the Mt. Vernon Square Campus, the University will be able to vacate all of the buildings listed except Buildings 10, 20 and 30. In addition, other buildings not listed will continue to be used by the Cooperative Extension Service and the D.C. Street Academy for their out-reach programs.

SENATOR D' AMATO:
1d. What effect do you foresee, or are experiencing, from proposed changes in the Federal education budget, specifically student loan cut-backs?

MR. CARTER:
1d. The proposed changes in the recommended 1983 budget has the effect of reducing Federal funding of the major student aid programs by some twenty-eight (28%) below the fiscal year 1982 continuing resolution. University of the District of Columbia aid recipients would be impacted most in the Guaranteed Student Loan Program. As many as 159 students of the 199 current recipients would be ineligible receive additional funding from the Guaranteed Student Loan Program. Additionally, several grant programs funded by the Department of Education have been drastically reduced in some cases by as much as fifty percent (50%). Some of the programs affected: The Deans Grant: Enhancing Faculty to Reconceptualize and Change Teacher Education. The Teacher Training Program for the Severely and Profoundly Handicapped, Training of Black and Hispanic Pathologists and Project Start.

SENATOR D' AMATO:
1e. We note that despite what other institutions are doing UDC is able to keep its tuition the same. How is this possible in todays climate?

MR. CARTER:
1e. The University's Board of Trustees increased the tuition rates for undergraduate resident students one-hundred percent (100%), effective the fall of academic year 1981-82. Tuition rates for undergraduate non-resident, graduate resident and graduate non-resident students increased by $155.00 per year. There is currently an Ad Hoc Committee studying the feasibility of a tuition increase for academic year 83-84. The committee will report its finding to the Board of Trustees during July, 1982.

SENATOR D' AMATO:
1f. Last year you were concerned about raising funds from private sector entities. How has that gone; we notice you expect a slight decrease next year?

MR CARTER:
1f. The Tuition Income and Endowment Interest Income, which are the funds reported in Fiscal Year 1983 in this category are predictable. However, in FY-1983, the Development Office for the University of the District of Columbia will expand the scope of its fund raising efforts in the private sector with regard to foundations, corporations, and private individuals. For this year, two special fund raising events are planned.

In addition cultivation and direct solicitation of business and corporations in Washington, D.C. and the surrounding metropolitan area will be carried out.

SENATOR D' AMATO:
1g. The committee has been contacted by representatives of the Washington Education Project. A program modeled on a successful

program at the University of Miami, whereby undergraduates receive classroom credit for tutoring young school children in the community. What are your thoughts on such program and is UDC prepared to undertake either separately or in league with other local universities such a program?

MR. CARTER:

1g. The University of the District of Columbia through its College of Education and Human Ecology (COEHE) currently is negotiating with Operation Rescue of the District of Columbia Public Schools, to provide undergraduate students with academic credit for tutoring public school students. The idea of academic credit for tutoring strengthens the University's commitment to the provision of Public Service as a part of the learning experience of students. Additionally, this concept provides further practical teaching experience for education majors. In a similar effort to the non-traditional approach to education COEHE is piloting a program to provide academic credit to education majors for providing multidisciplinary programs for senior citizens.

PUBLIC LIBRARY

SENATOR D'AMATO:

1. What is the average number of hours the main and branch libraries will be open in 1983? How does that compare to the amount of hours 5 and 10 years ago?

DR FRANKLIN:

1. In FY 1983 the main library (Martin Luther King Memorial Library) will be open 65 hours a week and the branches will be open an average of 41.6 hours a week.

Five years ago (FY 1978) the main library was open 65 hours a week. There were 8 additional hours of "Night Owl Service" whereby the first floor divisions and garage were open from 9:00 P.M. to 11:00 P.M. four nights a week. Branch libraries were open an average of 44.8 hours a week.

Ten years ago (FY 1973) the main library was open 72½ hours a week (including Sunday afternoons). The branch libraries were open 65 hours a week (including Sunday afternoons).

SENATOR D'AMATO:

2. What would be the cost of opening Martin Luther King Memorial Library on Sundays during the school year?

DR. FRANKLIN:

2. The cost of operating the Martin Luther King Memorial Library from 1:00 P.M. to 5:00 P.M. on 40 Sundays (the school year) during Fiscal Year 1983 would be $70,000.

SENATOR D'AMATO:

3. With the Library open fewer hours have vandalism and break-ins become a problem?

DR. FRANKLIN:

3. Vandalism, in the sense of malicious or wanton damage, has never been a serious problem in our libraries. However, beginning in January, 1981 and continuing until early 1982, there has been a series

of more than 100 break-ins directed largely toward stealing money from the coin-operated copy machines in the libraries. Fortunately, the situation is much improved with only three break-ins in the last four months. Since most of the break-ins occurred late at night or on weekends and holidays, it is difficult to relate them to reduced hours of service.

SENATOR D'AMATO:
4. When repairs are required as a result of this activity what is the source of these funds? What have these repairs cost you in the past 3 years?

DR FRANKLIN:
4. Until this year any repairs required as a result of break-ins had to be absorbed within existing repairs and maintenance budgets. However, in FY 1982 we have had to request a supplemental appropriation for repairs in the amount of $125,000. Most of that increase was needed for general repairs and maintenance. About $25,000 was needed for repairing break-in damages and for reinforcing entry points in the buildings.

All told, repairs of this kind, including overtime for personnel to make emergency repairs, have cost the Library about $40,000 in the past three years.

SENATOR D'AMATO:
5. The Library's budget increases by about 8% from 1982 to 1983. Does this keep up with inflation -- if not where are you having to absorb cost increases? Also, at whose direction was 8% used for the Library rather than the 11% used for other City agencies?

DR. FRANKLIN:
5. The increases in the Library's budget for FY 1983 do account for inflationary cost increases (from FY 1982 to FY 1983) in certain areas such as energy, books and personnel compensation. However, prior year budget reductions, particularly in FY 1982, leave us far behind inflation in most areas compared to several years ago.

In FY 1983 we will have to absorb cost increase in equipment, supplies, telephone, postage, etc. Repair and maintenance costs cannot be absorbed and will require a supplemental increase in FY 1983.

The 8% increase in the Library's FY 1983 budget comprises the pay adjustment and the sum total of specific items that we could request under guidelines of the Office of Budget and Resource Development.

We are not aware of an 11% formula used for determining increases in the budgets of other agencies.

SENATOR D'AMATO:
6. How much is requested for the Book Fund compared to 1982? How many volumes will this allow you to purchase, and how does that compare to a national average or recommendation?

DR. FRANKLIN:
6. The Fiscal Year 1983 budget request of $835,700 for books represents an increase of $109,000. This will permit us to purchase about 83,000 books, or 3,000 more than in 1982. Although no figures are yet available for 1982, we can compare the per capita expenditures

for books by cities of approximately the same size for Fiscal Year 1981. In that year, among twelve cities with population between 550,000 and 750,000 the average per capita book expenditure was $1.64. The District of Columbia's expenditure was $1.14. The District ranked eighth out of the twelve cities.

In nearby suburban jurisdictions of similar size, the average per capita expenditure was $2.15 in 1981.

With the increase of $109,000 in the D.C. Public Library book budget in Fiscal Year 1983, the per capita expenditure will rise to $1.32. Thus, even if the other cities were to get no increase in 1982 and 1983, the D.C. per capita expenditure would still be below the average for cities its size.

A measure of declining purchasing power is that the D.C. Public Library was buying about twice as many books a decade ago as it is in Fiscal Year 1982 and Fiscal Year 1983.

SENATOR D'AMATO:
7. The budget assumes the reduction in hours of service at various libraries. How much would be required to keep those libraries open on a full-time basis?

DR. FRANKLIN:
7. There was a reduction in hours in FY 1982. The FY 1983 budget assumes a continuation of those hours of service. However, experience has shown that the austere staffing patterns of 1982 are not adequate to provide good service within that schedule. Nevertheless, rather than further reduce hours of service, we intend to maintain the present schedule through 1983 if at all possible.

We would consider a full schedule of branch service to be 55 hours per week.

But our first priority, before expanding hours of service, would be to restore sufficient staffing to provide high quality service under the existing schedule.

To achieve both objectives, quality service and a full schedule, we would need an increase of 46 positions and $890,000.

This increase in employment would still leave us with 22 fewer employees than in 1976 when we last offered 55 hours of service in branch libraries.

SENATOR D'AMATO:
8. The Federal budget proposes no funds in 1983 for assistance under the Library Services and Construction Act. What impact will this have on the District library programs?

DR. FRANKLIN:
8. If there should be any reduction in Library Service and Constrution Act funds in FY 1983 the Library would first eliminate all programs, no matter how beneficial or cost effective, that are not absolutely indispensable to library operations.

If the funds should be completely eliminated, the Library would then be forced to absorb the cost of certain essential services, hitherto funded by LSCA grant funds. This would necessitate further reductions in public service and could involve reducing hours or closing facilities.

In its FY 1984 budget, the Library intends to request appropriations to provide regular funding for the most critical services. These include the very successful Young Adult Service, "The Other Place"; the Sursum Corda Community Library which has more than doubled its use in the past year; our participation in OCLC which provides computer access to a vast national bibliographic data base; and the Community Information Service. These essential services would require 9½ positions and $240,000.

We hope that sufficient federal funds will be available in FY 1983 to enable us to make this transition to regular appropriations for the most needed services.

SENATOR D'AMATO:
9. How many people use Library facilities during the year?

DR. FRANKLIN:
9. In Fiscal Year 1980 and 1981 there was a gratifying increase in use of the D.C. Public Library as measured by various indicators. Circulation increased 3.8% in FY 1980 and 4.2% in FY 1981. At the main library the increases were 7.8% and 7.9%.

During FY 1981 Washingtonians made over 1,600,000 visits to their public libraries. This is more than the combined attendance at all home games of the Redskins, Bullets, Capitals and Diplomats in that same year. Those visitors to the libraries would have filled all the theaters of the Kennedy Center 250 times.

It is evident that there is a real demand for public library service in the District and that it is getting stronger as educational levels continue to rise.

D.C. COMMISSION ON THE ARTS AND HUMANITIES

SENATOR D'AMATO:
The budget of the Commission has increased, according to recent press accounts, by 728% during the last five years. This is highly commendable, the Committee wonders, were there any additional responsibilities added to the Commission, either by transfer from other city agencies or by new legislation during that time?

MS. BAUTISTA:
1. Beginning in FY 1979, the city began to transfer directly to the agency the fiscal responsibility for its administrative and personnel costs which had been previously absorbed by the Mayor's Office and other agencies. Therefore, the 'real' increase in personnel and administrative funds is not as great as it appears. The agency has been given additional program responsibilities by the City Council from the Departments of Recreation (Summer Programs) and Human Resources (Special Constituencies). This agency's Executive Director also serves simultaneously as the Mayor's Cultural Affairs Advisor. Because of the agency's increased visibility within the city's government, its functions as a community arts agency have dramatically increased. These functions include ceremonial representation on behalf of the Office of the Mayor, monitoring of other agency's activities relating to the

arts with the Departments of Transportation, Recreation and Planning, as well as all cultural activities occurring within the city. Prior to FY 1979, the agency functioned solely as the designated state arts agency.

SENATOR D'AMATO:
Are any being added in 1983?

MS. BAUTISTA:
2. The Commission will initiate three new programmatic thrusts in FY 1983 - Community Arts Downtown, Major Institutions and Youth - with the requested increase of $560,000 for program funds.

SENATOR D'AMATO:
To date you have made 105 grants totalling $295,500 for an average grant of about $2,800. How does this compare to 1981?

MS. BAUTISTA:
3. In January, the agency formally announced its Grants-In-Aid program grantees for FY 1982. The total amount awarded was $420,000. This amount represents 49 Individual Fellowships of $2,500 each totalling $122,500, and 56 grants to arts organizations of either $1,000, $5,000, $10,000 or $15,000 totalling $295,000. The average grant award in this program for FY 1981 was $2,100. Because the average grant award had been declining in recent years, the agency restructured its Grants-In-Aid program for FY 1982 to stabilize the award in FY 1982 for the Grants-In-Aid is $4,000.

SENATOR D'AMATO:
Also, in your budget you note that you expect to award 150 grants totalling $557,900. Is that still your estimate? If not, please give us a revised 1982 and 1983 estimate for grants and total funds?

MS. BAUTISTA:
4. The total awards for FY 1983 will be approximately $600,000 to 150 grantees. The requested grant program funds for FY 1983 is $1,160,000 which includes the requested increase of $560,000 for the new programmatic thrusts of the agency - Community Arts Downtown, Major Institutions and Youth. The number of grantees for FY 1983 is now expected to be 175.

SENATOR D'AMATO:
In your January press release you noted that the 105 grants were made from 250 applications. However, your budget anticipates 600 grant applications processed. Please reconcile these figures. How many applications do you have for the remaining grant funds?

MS. BAUTISTA:
5. The January press release announced the grantees for the agency's largest program, Grants-In-Aid. The additional number of applicants processed by the agency are submitted to the Summer Program, Special Constituencies, Geographic Development and Artist-In-Education programs. The agency processed 30 applications for Summer Programs since January and has received 25 applications for Special Constituencies. The agency anticipates receiving an additional 100 - 120 applications for Artists-In-Education and Geographic Development before the end of the fiscal year.

SENATOR D'AMATO:
You are requesting one additional position, an Assistant Director,

what cost savings or programmatic efficiencies can you point to as the need for this position? Also, are there other assistant directors within the Commission, how are you organized?

MS. BAUTISTA:
6. The requested Assistant Director for Management and Coordination will reduce the administrative responsibilities of the program staff which have previously assumed these functions. This is especially critical at this time because of the increasing demand for the program staff's time to provide technical assistance and monitor the agency's grantees. The agency's staff is divided between administrative and program functions which are to be coordinated by the requested Assistant Director. No, there are no other Assistant Director positions at the agency.

SENATOR D'AMATO:
Who audits grantees to insure that funds are properly used?

MS. BAUTISTA:
7. The agency's grantees are required to submit regular financial reports throughout the fiscal year. In addition, the grantees submit final narrative and fiscal reports to account for expenditure of grant funds. The program staff also conduct on-site evaluations.

EDUCATIONAL INSTITUTION LICENSURE COMMISSION

SENATOR D'AMATO:

1. Did the Federal budget cuts have any impact on your Commission?

CHAIRMAN QUANDER:

1. No.

SENATOR D'AMATO:

2. If so, how do you plan to fill that void?

CHAIRMAN QUANDER:

2. Not applicable.

SENATOR D'AMATO

3. Explain how you plan to use the additional funds that you have requested.

CHAIRMAN QUANDER:

3. For the first time as of October 1, 1982 we will be able to recruit staff to discharge functions assigned to us by existing law: monitoring and licensing of private elementary and secondary schools; monitoring and licensing of private, vocational and technical schools. (With existing staff we have monitored private colleges and universities).

DEPARTMENT OF HUMAN SERVICES

STATEMENTS OF:

POLLY SHACKLETON, MEMBER, DISTRICT OF COLUMBIA COUNCIL
JAMES A. BUFORD, DIRECTOR, DEPARTMENT OF HUMAN SERVICES
DAVID RIVERS, DEPUTY DIRECTOR, DEPARTMENT OF HUMAN SERVICES
AUDREY ROWE, COMMISSIONER FOR SOCIAL SERVICES
ARTHOR H. HOYTE, COMMISSIONER FOR PUBLIC HEALTH
GLADYS W. MACK, ASSISTANT CITY ADMINISTRATOR FOR BUDGET AND RESOURCE DEVELOPMENT

SUBCOMMITTEE PROCEDURE

Senator D'AMATO. Our second panel this morning includes representatives of the Department of Human Services. It's a pleasure for me to welcome our colleague from the Council, Polly Shackleton, and chairman of the Council's Committee on Human Services, Mr. Buford, director of the Department, and also Gladys Mack. How are you, Gladys?

Ms. MACK. I'm fine, thank you, Senator.

STATEMENT OF POLLY SHACKLETON

Senator D'AMATO. Let me indicate to you that all of your statements will be included in the record, of course, in their entirety and why don't we proceed, Mrs. Shackleton. you may go ahead.

[The statement follows:]

STATEMENT OF COUNCILMEMBER POLLY SHACKLETON, CHAIRPERSON, COMMITTEE ON HUMAN SERVICES

I appreciate the opportunity to appear today in support of the District of Columbia's fiscal year 1983 budget request. This budget was thoughtfully developed and carefully reviewed by the Council to assure that District citizens receive the services they require. I hope, in particular, that you will fully support the requests of the human service agencies, which have continued to improve service delivery in spite of the strain caused by reduced Federal funding.

I would like to share with you this morning my concerns regarding what I believe is the most serious issue raised by this budget. The budget which was submitted by the Mayor and approved by the Council contains $22.9 million as the District's payment toward the cost of St. Elizabeths Hospital. The President, using the authority under the Charter to amend our budget prior to submitting it to Congress for the first time, deleted the statutory language which established a cap on our annual contribution to the Hospital and has proposed a $26.7 million increase in our payment. The administration's proposal represents a 117 percent increase in 1 year and includes incremental increases over the next 10 years which would remove all Federal financial responsibility for St. Elizabeths.

The District's fiscal year 1983 budget does not contain the revenues necessary to increase our payment to St. Elizabeths Hospital. Neither the Mayor nor the Council was informed of this enormous increase by the Office of Management and Budget until several weeks into the Council's review of the budget.

There is also confusion regarding an implied relationship between the proposed increase in the Federal payment level and this increase in the District's payment to the hospital. The Mayor and the Council were aware of the Federal payment increase prior to development and consideration of the 1983 budget. The District earmarked these additional dollars for specific programs. Most notably we set aside $15 million to fully fund the medicaid program. The President's budget, however, proposes that St. Elizabeths be allowed to bill the District's medicaid program for the first time for $14.1 million of the $26.7 million increase. There is no money available in the fiscal year 1983 medicaid budget to permit any billing by the hospital.

The issues surrounding the responsibilities of each government in the operation of a Federal hospital which serves many District residents and in the development of a comprehensive, quality mental health system are extremely complex. Since the Nixon administration, each President has attempted to transfer St. Elizabeths to the District government. I have consistently opposed this transfer as a burden which the District is not able to undertake. In 1969 I served on the Rome Commission, which recommended the creation of an independent authority to operate the hospital and all other public mental health services. In 1977 the House District Committee proposed the establishment of an independent corporation to govern the hospital. During the Carter administration, I served as a member of the Federal/District task force which was charged with recommending a governing structure to unify the hospital's services and those provided by the District's community mental health centers.

The current administration has not pursued any substantive discussions with District officials concerning St. Elizabeths. The proposed drastic shift in the burden of financing the institution came as a surprise to us since it leaves so many complex issues unresolved.

St. Elizabeths Hospital is by law a Federal responsibility. Clearly the District must continue to share the responsibility for the care of its citizens who require inpatient mental health treatment. I believe, however, that any changes in this shared responsibility must be undertaken with the utmost care to assure both quality patient care and stability for the District's budget. The proposed $26.7 million increase in the District's contribution in 1 year is not equitable; it is not funded; and it does not resolve any of the outstanding issues regarding the governance, service delivery or long-term financing of the institution.

I sincerely hope that this committee will restore the legislative language which caps the District's payment at its current level until these complex substantive problems are satisfactorily resolved.

BUDGET REQUEST

Ms. SHACKLETON. Thank you, Senator. I have a short statement. I do appreciate the opportunity to appear before the District of Columbia Subcommittee in support of the fiscal year 1983 budget request. This budget was thoughtfully developed and carefully reviewed by the Council to assure that District citizens receive the services they require, and I hope in particular that you will fully support the request of the human service agencies which have continued to improve service delivery in spite of the strain caused by reduced Federal funding.

I would like to share with you this morning my concerns regarding what I believe is most serious, the issue that is raised by this budget. The budget which was submitted by the Mayor and approved by the Council contains $22.9 million as the District's payment toward the case of St. Elizabeths Hospital.

The President, using the authority of the charter to amend our budget prior to submitting it to Congress, for the first time deleted the statutory language which established a cap on our annual contribution to the hospital and has proposed a $26.7 million increase in our payment.

The administration's proposal represents a 117-percent increase in 1 year and includes incremental increases over the next 10 years which would remove all Federal financial responsibility for St. Elizabeths. The District's fiscal year 1983 budget does not contain the revenues necessary to increase our payments to St. Elizabeths Hospital.

Neither the Mayor nor the Council was informed of this enormous increase by the Office of Management and Budget until several weeks into the Council's review of the budget.

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The current administration has not pursued any substantive discussions with District officials concerning St. Elizabeths. The proposed drastic shift in the burden of financing the institution came as a surprise to us since it leaves so many complex issues unresolved.

St. Elizabeths Hospital is, by law, a Federal responsibility. Clearly, the District must continue to share the responsibility for the care of its citizens who require inpatient mental health treatment. I believe, however, that any changes in this shared responsibility must be undertaken with the utmost care to assure both quality patient care and stability for the District's budget.

The proposed $26.7 million increase in the District's contribution in 1 year is not equitable. It is not funded and it does not resolve any of the outstanding issues regarding the government service delivery or long-term financing of the institution. I sincerely hope, Mr. Chairman, that this committee will restore the legislative language which caps the District's payment at its current level until these complex, substantive, problems are satisfactorily resolved.

Thank you.

Senator D'AMATO. Thank you, ma'am.

STATEMENT OF JAMES A. BUFORD

Mr. Buford.

Mr. BUFORD. Thank you, Mr. Chairman. I'd like to introduce, on my left, our Commissioner of Social Services, Mrs. Audrey Rowe. On my right, our Commissioner of Public Health, Dr. Arthur Hoyte.

I do have a statement that I'd like to submit for the record and just make a brief statement to summarize its content.

[The statement follows:]

STATEMENT OF JAMES A. BUFORD

The Department of Human Services is requesting total budget authority for fiscal 1983 of $535.5 million, of which $317.3 million is District appropriations, $216.9 Federal funds, and $1.3 million intra-District sales and private funds. The total request is $56.7 million higher than the planned 1982 budget.

This Department provides a wide range of health, social and rehabilitative services. The revenues available support these services have been decreasing in the past two years, and it is increasingly difficult to sustain our position not to eliminate benefits or cut eligibility for programs. In order to do so, we initiated a number of management actions to contain spending. We have consolidated programs, explored optional methods of service delivery, and reduced overhead expenses wherever possible. Revenue collections have been maximized, and Medicaid reimbursement lowered for hospital outpatient and emergency room services. Similar activities will continue in fiscal 1983.

Our fiscal 1983 budget also reflects a sharp drop of 921 authorized appropriated positions -- down from 4,728 to 3,807. This reduction results primarily from two management decisions. The first is the decision to return Medicaid earnings to the Department program generating those earnings, and to charge personnel costs and positions to those earnings as appropriate. You see this decision reflected most dramatically in the Forest Haven budget, where 250 new Federally funded positions have been created, supported by the $7.7 million in Medicaid earnings, and the number of appropriated positions for Forest Haven accordingly reduced.

The second decision was to eliminate 405 of our unfunded appropriated positions.

The largest single increase in our 1983 request is for the Medicaid program. Funding the Medicaid program at the planned 1983 level will require an additional $35 million in appropriated funds; $20 million is included in our budget and $15 million is tied to the Federal payment increase. Alternatives to such a large increase could include the elimination of all or some optional services, for example, prosthetic devices, emergency room care, eyeglasses, dental care for children, and most important, intermediate nursing home care. We have spent the past year shifting the emphasis of our Medicaid program away from expensive acute level hospital care into more appropriated extended care programs. Ending intermediate care coverage would reverse this trend, ultimately leading not only to higher hospital payments, but the closing of at least two private nursing homes, the dispersal of more than 300 patients, and the loss of more than 200 D.C. jobs.

Eliminating coverage for the medically needy, that is, limiting eligibility to persons receiving AFDC or SSI payments, would mean no Medicaid coverage for nearly 15,000 persons, including 4,000 elderly and more than 6,000 families with children. The medically needy component of this program is truly a "safety net" for the family or individual with unusually high medical expenses. We believe it is a program that should be expanded, not ended.

Planned cost reduction and revenue maximization actions

In fiscal 1983 the Department will continue its twin initiative of cost reduction in our programs and revenue maximization. Actions already underway or completed include:

- moving out of expensive rented office space into city owned facilities. The Commission on Social Services has moved out of 122 C St. into Randall School.

- Reconfiguration of the space at D.C. Village, consolidating several small units, thereby freeing nursing staff from supervisory roles for patient care.

- reducing overtime through use of more part-time personnel, which will have the additional benefit of providing more jobs.

- consolidating the service centers operated by the Commission on Social Services, to a total of six, thereby reducing cost of staff supervision and facility operation and maintenance.

- consolidating programs for juveniles involved with the courts, and making more use of existing community programs that work with this population. Recent court ordered Cedar Knoll admissions may, however, require staffing and funds above the request for Youth Administration.

- continuing our improved audit program of Medicaid payments to private providers, which in 1981 identified more than $15 million in hospital overpayments.

- maintaining our program of prompt identification of potential AFDC-foster care recipients, so that we can be sure to claim the full Federal reimbursement for foster care to which we are entitled.

Fiscal 1983 program highlights

In fiscal 1983 funding will be increased for alcohol and drug treatment programs, ~~VD~~ and TB prevention and treatments, and equipping the D.C. central labortory facility. D.C. Village is fully funded to operate 530 Medicare/Medicaid certified beds.

Increased funding for the Mental Retardation/Developmental Disabilities Administration will permit full funding of programs for former Forest Haven residents now living in the community, one hundred new outplacements, and the operation of Forest Haven in accordance with the Evans decree and Medicaid standards.

We are requesting an increase in appropriated funds of $219,000 for the Vocatinal Rehabilitation Administration to permit them to maintain current levels of service to handicapped persons enrolled in community-based training programs.

The Family Services Administration is requesting a total increase in appropriated funds of $5,443,100. This increase includes:

- $952,900 for energy, rent, communications, and guard service for facilities operated by the Administration, properly funding these costs for the first time. Savings due to moving out of 122 C St. and consolidating service centers were taken into account when developing these figures.

- $970,200 for traditional foster care and subsidized adoption. We spent approximately $275,000 for adoption subsidies in 1981. This request will permit the tripling of the average caseloads and also fund a contract for essential diagnostic services required for our handicapped wards.

- $1,121,400 for increased cost of residential care programs -- programs ranging from group homes to highly specialized institutions for children with emotional and educational problems. This responsibility also includes the funding for out of state tuition payments for D.C. wards. Expenditures for these purposes totalled $12.9 million in 1981. The fiscal 1983 request of $13.2 million will be barely adequate to meet anticipated increased costs.

- $1,768,000 for purchase of day care services for low income working mothers and families with special needs. Total budget authority for this program in 1981 was $11.8 million, including Federal grants. The fiscal 1983 request increases the day care budget $1.2 million over the 1981 level and will permit expansion of badly needed services for infants and handicapped children, and replacement of lost Federal funds.

Summary

As I noted at the beginning of my testimony, Department's 1983 request is $56.7 million higher than the planned 1982 level. Most of the increase is earmarked for the Medicaid program. The total number of authorized positions is at the lowest level since the Department was established. Operations are, and will continue to be, systematically analyzed to identify further economies and opportunities to maximize revenues, without depriving clients of necessary services. We are recommending that some lost Federal funds, notably in the Aid to Families with Dependent Children program, in vocational rehabilitation, and in day care, be replaced by appropriated funds.

We hope our request will have your support, and would be pleased to answer any questions.

BUDGET REQUEST AND POSITIONS

Mr. BUFORD. The department's 1983 request is $56.7 million higher than our 1982 expected level; most of the increase is earmarked for the medicaid program. The total number of authorized appropriated positions is at the lowest level since the department was established. As recently as 1980 the number of authorized positions in the department was 6,086; when compared to the requested authorized positions in 1983 of 3,807, there is a total reduction of 2,279 positions.

I want to emphasize that our operations in the coming months will continue to be systematically analyzed to identify further economies and opportunities to maximize revenues without depriving clients of necessary services.

As a result of the loss of Federal funds, however, we are recommending that some programs be funded with appropriated funds, such as our vocational rehabilitation program, and our homemaker and day care programs. This will enable us to maintain some of the services that we consider to be essential as we fulfill our mission within the department.

We will be pleased to answer any questions that you might have.

Senator D'AMATO. Gladys Mack.

STATEMENT OF GLADYS MACK

Ms. MACK. Thank you, Mr. Chairman. I would like to make a few remarks to embellish what Ms. Shackleton said about the situation at St. Elizabeths Hospital. We do have in our fiscal year 1983 budget $22.9 million for St. Elizabeths Hospital. This is the same amount that is available in the current fiscal year.

As Mrs. Shackleton indicated, we were advised after the Council had approved the budget, that the Federal Government planned to add an additional $26.7 million for the District's responsibility in fiscal year 1983. The total budget for St. Elizabeths in fiscal 1983 is estimated at $128.4 million; $60 million is currently unfunded of that total amount and $67.5 million is funded within the Federal Health and Human Services (HHS) budget.

We are recommending, Mr. Chairman, that you, in addition to restoring the cap of $22.9 million, support the District in its efforts with the Labor/HHS Committee to add additional funding to the hospital's budget on the Federal side so that the hospital can achieve a balanced budget. We support and are very sensitive to the need to have the hospital adequately funded.

However, the District cannot assume the tremendous responsibility that has been planned for fiscal year 1983. We do encourage your efforts to support the hospital and also give the District time to engage in the kind of long-range planning that is necessary to see the proper treatment of the hospital in the future.

Senator D'AMATO. I share your concern in terms of attempting to shift to the city such a large proportion of the hospital's cost in such a short period of time. I think it would be counter productive of many of the efforts that have been achieved at the hospital and I can and will support the $22.9 million cap and certainly will see if we can get additional funding so as to give the District some time in dealing with the hospital specifically.

AFDC PAYMENTS

I am interested in an area that we've had numerous discussions on and which I know you're sensitive to, and that's the AFDC payments and the error rate in connection with those payments.

The first part of my question is how much monthly are those payments, the AFDC payments?

Mr. BUFORD. Approximately $7 million, Mr. Chairman.

Senator D'AMATO. Out of the $7 million per month what is the error rate?

Mr. BUFORD. As you know, Mr. Chairman, since 1978 when the error rate was about 32.1 percent, we have made substantial progress in reducing that error rate. For example, the quality control sample as verified was about 10.5 percent for the period of April to September 1980.

I would ask Commissioner Rowe to give to you the current status and the current efforts to continue the trend to reduce our error rate.

Ms. ROWE. The latest error rate, official error rate, which I have, which would be for the period April 1981 to September 1981, Senator shows an error rate of 11.6. We have taken numerous steps to try to address that error rate. We were somewhat, I should say, slowed up this past fiscal year as we met the new Federal requirements and made certain kinds of changes.

What we have done is expanded our staff and expanded our training for staff. We have aggressively attempted to speed up the process for recertification and for hiring of staff to maintain a reasonable caseload.

We did submit to you last year a copy of the special initiative in error rate reduction, and we'd be more than happy to give you an update which will give you a better sense.

Senator D'AMATO. I do have the document entitled, "Special Initiative Plan for Error Reduction," and I know that you're beginning to utilize its computer program. But I guess on a number of counts I can't stress too much to you that we're fighting, the total city, for extra dollars, for necessary dollars, to reduce the outstanding deficit.

USING SURPLUS TO REDUCE DEFICIT

By the way, let me state something. I don't know whether this is the place or the time, and I'll say it again. It always seems to me that there are those who can complain about the size of the deficit. And maybe when there are public officials who say, look, you'd better watch it because you're headed toward a record deficit, they can be accused of crying wolf too often and if you come in with a surplus to reduce the deficit you shouldn't be criticized. I am just putting it right out on the table. I mean that's incredible. I think it's incredible that people are complaining about the fact that for the first time in years you've got a surplus, a surplus that can be helpful to reduce the outstanding deficit and the cost of carrying it. It costs money to carry that $400 million deficit. That's a lot of money. The Federal Government is in big trouble today because there is a $115 billion increase in the national debt.

UNACCEPTABLE AFDC ERROR RATE

Cities are in trouble because of increases they have to pay on debts. So, money is an important commodity. And the error rate of this type is not acceptable. I'm not attempting to minimize or denegrate your work and the efforts that you've made in this area. But this is now the third time that we've sat down, since I've been a Senator, to go over this and I almost plead and admonish and we have monthly reports and you are submitting the monthly reports. But that's a loss of maybe $70 million that you're going to lose, absolutely lose. You're not going to get reimbursed for it.

All I can say,, and I say it to the Council member here and I say it to Gladys and I say it to all the officials and yourself that if it takes *x* number of dollars, if it takes another $1 million, if it takes a recruiting program, concentrate on that.

If you spend $1 million and save $6 million you have enhanced the city treasury and saved yourself $5 million. You're not going to get reimbursed. You can say, well, Senator, the city is giving us these problems. I know that. But they're not my responsibility. Lord knows, I didn't ask for this committee. But I got it. And I'm just saying to you that that's a lot of school kids you need help with. That's a few extra police and detectives you can put on the road, maybe an extra judge or two, or special parks. Everybody is fighting for that money.

So, I implore you and I say to you that as my committee begins focusing on this thing we could have some real trouble, in the area where people just don't have to demagog and can simply say look, it is unacceptable. If it is unacceptable than I would ask you to redouble your efforts. More than that, you've just got to do it. Get them to give it a priority. As you already know, it's going to be some time that we're going to be sitting down at conference and we're going to have somebody on the other side that's going to be saying, well, look what they're doing. They're wasting this money.

And it gets kind of lonely for this Senator to be trying to defend that situation. It gets very, very difficult. Now, those of you who have been around should understand that. And any of you who have ever come to one of those conferences have seen what goes on. You don't have that many supporters there.

I'm saying to you my gosh, please, and I don't know what it takes, but I'd go back to you today, Commissioner, and you have a pretty strong charge from me on this, and you do what has to be done. You start sending some directives around and you get the necessary personnel on board and you start chopping away. If you have to, hire 6, 8, or 10 or whatever it is, but you must see that the intake procedure and the review procedure and people are doing their jobs.

Look, I have been in city administrations for years. At 5 o'clock I pick up the phone and look for this commissioner or that commissioner and they're all gone. I'm very lonely. It's very lonely. You say to yourself, what am I doing? Well, you're going to have to do it. You're going to have to get on these supervisors, get on them and crack heads. Get more performance. If they don't like it, get them out. Bring them up on charges. Harass them. You've got to do it.

REPORT ON IMPROVING AFDC ERROR RATE

I want to be able to report next month something special. I want you to make a task force on this and report back to this committee and tell us that we've been able to weed out *x* number. Now, you can do it. If we want to do it, if we're purposeful, we're going to do it.

Can I get that?

Ms. ROWE. Senator, you certainly can get it. A month ago we met to discuss this problem again, to review where we were, what the problems were. We probably at this point have the best analysis that we've ever done on the error rate by center, by worker. We can pinpoint where many of the problems are. We have formed a task force already. Our new deputy director for the Income Maintenance Administration has a great deal of experience in this whole monthly reporting system and ways in which we can expand our efforts and our resources to deal with this.

We are as concerned and committed to addressing this error rate as you are, Senator, and we have, I think, the tools to do it. I'm very pleased that we also have your support so when I start harassing people——

Senator D'AMATO. We do it.

Ms. ROWE. But we certainly will and we'll be more than happy to report back to you next month.

Senator D'AMATO. Good. I appreciate that.

I just think that if we do that we can begin to demonstrate it.

You know, it's important. You're out there. If you're working hard you demonstrate that to the general public and they're going to look upon the activity, much of it, in a favorable light. There is something positive that is not just being studied or what not, but that is being achieved in this area. Those are the things that are glaring kinds of things and I commend you.

RUNAWAY YOUTH PROGRAM

Let me just ask you one other thing. The conference report for 1982, on the District appropriations bill, included funds for the runaway youth and Sasha Bruce House for runaway youth. Has this been done? How many youth has this home served?

Ms. ROWE. The Sasha Bruce House has been funded. I believe the average number of youth within that facility is somewhere around 10 or 12 youngsters. We also funded the Sasha runaway house; so we had both runaway facilities funded this fiscal year.

Senator D'AMATO. OK. I think you gave us a report on that.

Ms. ROWE. Yes; we did.

Senator D'AMATO. To some of my colleagues.

Ms. ROWE. Yes.

MEETING THE SHORTFALL

Senator D'AMATO. I want to thank you for your participation and indicate to you that I think it's a rather important area, the error rates. That is something that my colleagues continually press me about in regard to where you're going and that's why I've taken as much time as I have.

I am very cognizant of the problem of St. Elizabeths Hospital and I'd indicate to you that I am sympathetic. I have spoken to Senator Schmitt regarding seeing whether or not we can find an additional appropriation to meet the shortfall and it doesn't make too much sense to begin to dig yourself out of one hole and then to find, through no fault of your own, that kind of a problem.

So, thank you very much.

SUBMITTED QUESTIONS AND RESPONSES

I have some questions which I will submit for your responses.

[The following questions were not asked at the hearing but were submitted for response for the record:]

QUESTIONS SUBMITTED BY SENATOR ALFONSE M. D'AMATO

DISABILITY COMPENSATION FUND

SENATOR D'AMATO:
1. The District expects to serve the same number of clients in 1983 as in 1982, yet the cost increases by 27%, from $11.4 million to $14.5 million. Please explain this increase.

MR. SHANNON:
1. The overall cost for the Disability Compensation fund has increased an average of 21% per year for the past five years. We have projected an overall increase for FY 1983 of 27% which anticipates at least a partial elimination of the current backlog of unprocessed claims (1,200) as well as inflationary increases supported by Consumer Price Index data for the Washington, D.C. area.

SENATOR D'AMATO:
2. What are the projected monthly costs of this program in 1982 and 1983?

MR. SHANNON:
2. The projected monthly cost for the Disability Compensation Program in FY 1982 is $947,883 and for FY 1983 we project a monthly cost of $1,207,500.

SENATOR D'AMATO:
3. Why do medical costs increase by 20%? What are the specific services that increase?

MR. SHANNON:
3. Specifically, increases in prescription costs have historically ranged between 10% and 15%. The FY 1983 budget includes vocational rehabilitation cost for the first time. This coupled with the effect of at least a partial cleanup of the 1,200 cases backlog accounts for the balance of the increase. This information is supported by data from the Consumer Price Index.

UNEMPLOYMENT COMPENSATION FUND

SENATOR D'AMATO:
1. The request for this fund in 1983, $10,532,000 is less than the total supplemental request in 1982 of $10,600,000. Yet you note that the average payment will increase and the duration will increase. Is this request still accurate?

MR. SHANNON:
1. We believe this request is still accurate. The average duration has been raised from 16.0 weeks to 21.05 weeks for 1982 (claimants are staying on unemployment longer). The 18.71 week duration has not been revised, for FY 1983. This decrease in duration from 1982 to 1983 (approximately 2.3 weeks) and a decrease in claimants (150) offsets the increase in the average payment.

SENATOR D'AMATO:
2. You expect the same number of claimants, 4,250 in 1982 and 1983. Is this still accurate?

MR. SHANNON:
2. No. The claimant figure has been revised to 4,400 for FY 1982, due to the seasonal layoffs.

SENATOR D'AMATO:
3. Do you still expect that the Extended Benefits Program will not be triggered in 1983? If it is, how much will it cost you?

There is a good possibility that Extended Benefits (EB) will trigger in mid-August, due to the seasonal layoffs of school personnel (lunch room workers, crossing guards, and bus drivers). Although local government workers are counted in the EB trigger calculation, (even if they are seasonally unemployed), Federal law requires the local government to pay EB at 100%. Therefore, if we trigger in August for the 13 week period, there will be an EB cost for the District of approximately $1 million, if EB triggers off after the first 13 weeks.

OFFICE OF HUMAN RIGHTS

SENATOR D'AMATO:
1. What impact if any, do you expect the reduction in work force to have on your office?

MRS. SHELTON:
1. In FY 1981 Congress approved and funded 46 positions for the Office and Commission. In FY 1982 the Office asked for six additional positions, all of which Congress approved without additional funding. Our FY 1983 budget requests 48 positions, including funding for two of the previously approved but unfunded positions. In FY 1981-82 tightened management and the introduction of new accountability systems and performance standards, reduced a potentially deleterious effect on case processing of a 41% increase in docketings. However if funding for the previously approved but unfunded two positions is not forthcoming in FY 1983, we project a 25% increase in the number of Office determinations not reached within 120-180 days, and a similar or greater increase in the number of cases awaiting commission hearings over one year from certification.

SENATOR D'AMATO:
2. If you discover through your investigative work that someone has really been discriminated against, how do you solve this problem?

MRS. SHELTON:
2. By law, Office investigations may only determine that there is probable cause to believe that a respondent has engaged in discriminatory practices. It is our adjudicatory partner, the D.C. Commission on Human Rights, which decides through hearings whether or not an individual has "really" been discriminated against. Accordingly, after a probable cause determination we hold conciliation conferences, about one-third of which reach settlements satisfactory to complainants. The rest are certified for hearings to the Commission, whose final orders including remedies have the force of law and are very rarely appealed to the D.C. Court of Appeals. In FY 1981 the Office and Commission provided almost $700,000 plus non-monetary relief to 122 complainants, and non-monetary relief alone to 75 further complainants.

SENATOR D'AMATO:
3. With all the enormous cuts in today's benefits, how do you plan to maintain adequate service to the public? There is sure to be more of a need for this type service because of all the layoffs and RIFs from jobs.

MRS. SHELTON:
3. For three years this Administration has created, maintained and expanded programs to increase staff productivity through tightened supervision, new performance standards and incentives, and very detailed case monitoring and accountability systems. Reduced FY-1983 funding -- despite strong statistical evidence of major improvement without additional staff -- would have a regressive impact on Office services.

SENATOR D'AMATO:
4. Give a breakdown using your historical background for 1981-82 of complaints received and action taken.

MRS. SHELTON:
4. Table 6 which appears in our printed Case Enforcement Report by the Office of Human Rights, Fiscal 1981, previously submitted, answers this question and illustrates the extent of case monitoring detail of which our accountability systems are capable. In summary, 715 complaints were docketed by the Office of Human Rights, of which 554 complained of discrimination in private employment, 102 in District Government employment, 25 in housing, 32 in public accommodations, 1 in education, and 1 general inquiry. Illustrative of the case activity conducted by the 29 investigators and support staff are the following: 460 fact-finding conferences held with parties; 992 interviews with parties, attorneys and witnesses of one-half hour or longer; 382 final investigative reports approved; 38 conciliation conferences held.

Actions on cases certified for hearings were taken by the Commission on Human Rights, composed of 15 volunteer commissioners and a staff of two. They scheduled 100 pre-hearings, completing 38; and 39 hearings, completing 22.

The overall cases closed numbered 655, including 160 closed by administrative hearings, 287 no probable cause determinations, and 184 conciliations and settlements.

OFFICE ON AGING

SENATOR D'AMATO

1. How will the cuts by the President of federal funds effect the 15 employees you presently have on board? How will you absorb this cut?

MR. ARTIS

1. There will be no impact on these employees during FY 1983; one position will be eliminated during FY 1984.

SENATOR D'AMATO

2. Will there be a reduction in your service to the aging in the community due to these cuts?

MR. ARTIS

2. An increase of $1,016,200 of D.C. Appropriated funds will enable the Office on Aging to maintain its level of community service during FY 1983. This assumes Federal Older Americans Act funding for FY 1983 at the FY 1982 level. It does not, however, take into consideration block grant cutbacks among the 30 community organizations funded by the Office on Aging which will have a programmatic impact on service delivery.

OFFICE ON LATINO AFFAIRS

SENATOR D'AMATO:
1. Has there been any additional accomplishments made by this office since 1981?

WILLIAM P. VAZQUEZ:
2. Yes, there have been numerous additional accomplishments by the Office on Latino Affairs Since 1981.

The Office on Latino Affairs has established itself within the community as an agency that really understands and responds to the needs of the D.C. Hispanic population, especially in the areas of health, housing and employment.

Through effective communication there has been an increase in the number of Hispanics participating in existing D.C. Government and community-based organizations' programs. Among other things, the Office on Latino Affairs has achieved the following:

- Health. For the first time availability of limited bilingual capability in the District's health delivery system;
- Summer Youth Employment Program. Increase in the number of Hispanic youths participating;
- Employment. Increase in the number of Hispanics employed by D.C. Government and the establishment of Hispanic Employment Managers Program;
- The Latino Business Study. Conducted to assess the needs of D.C. Hispanic businesses to ensure their participation in the economic development of the city.
- Housing. The Office on Latino Affairs has served as an advocate to increase the amount of Latinos in the various D.C. housing programs. It has also provided direct technical assistant to tenant organizations.
- Education. Increase in the number of youth participating in educational and employment training opportunities.
- Increase in the number of activities designed to educate the community of existing programs.
- Increase in the number of Hispanics participating in townhall meetings and other activities conducted to inform community of existing services and programs.

SENATOR D'AMATO:
2. In your opinion, what percentage of the Latino community has been incorporated into the mainstream of the City life?

WILLIAM P. VAZQUEZ:
2. Since specific data on the District's Hispanic population is virtually non-existent, it is impossible to accurately state what percentage of this sector of the population has been incorporated into the mainstream of city life.

The Hispanic population of the District of Columbia is unique. Its composition represents nations of Central and South America, the Caribbean and the Iberian Peninsula. A sector of this population are professionals already incorporated into the mainstream of American society and making valuable contributions to city life, working for the Federal Government and international organizations.

However, a large sector of the District's Hispanic population is composed of new arrivals due to first and secondary migrations. As such, they are afflicted with the same problems facing Hispanic communities throughout the United States.

SENATOR D'AMATO:
3. How do you reach the children in this community to make them aware of all the opportunities available to them?

WILLIAM P. VAZQUEZ:
3. To effectively reach the children/youth in the Hispanic community and to make them aware of the existing educational, sports/recreational, and employment training opportunities, the Office on Latino Affairs plans and coordinates numerous events with D.C. agencies, the Board of Education, the Commission on Latino Community Development, local schools, community-based organizations and private groups.

To ensure the full participation of Hispanic children/youth in existing education, sports/recreation, and employment training and opportunities, the Office on Latino Affairs works closely with local schools and centers; i.e., the Adult Gordon Center, the Multicultural Bilingual High School, Oyster Elementary School, Latin American Youth Center and Hispanic Youth Coalition.

SENATOR D'AMATO:
4. Do they readily respond to the outreach by this office or do they basically not understand or believe the people within this division?

WILLIAM P. VAZQUEZ:
4. Yes, proof of our effective outreach is the increase in the number of Hispanic participants in existing programs.

The Office on Latino Affairs, in its short existence, has been able to establish credibility due to its office location in the heart of the Hispanic community and the bilingual capability of its entire staff.

Further proof of our credibility is the fact that over 3,000 Hispanics have come to our office for assistance and information during the past year.

SENATOR D'AMATO:
5. Will all of the eight positions requested for FY'83 be full time permanent positions?

WILLIAM P. VAZQUEZ:
5. Yes, all seven (7) positions previously approved as of FY 1982 are full-time permanent positions. The additional position, if approved, will also be established as a full-time permanent position.

SENATOR D'AMATO:
6. What has been the greatest increase of your work load over the past year?

WILLIAM P. VAZQUEZ:
6. The greatest increase in the Office on Latino Affairs' workload over the past year has been the tremendous increase in the demand for services from Hispanic residents.

With the influx of first and secondary migrations and the rapid growth rate of the Hispanic population, the Office on Latino Affairs is inundated with requests for assistance, information and referrals, especially in the areas of health, housing, employment training and opportunities. This increase in the demand for services has put a burden on private and city agencies.

With present reductions in the availability of funds, the Office on Latino Affairs has received an increase in the demand for technical assistance from community-based organizations to identify alternate funding sources to ensure the continuity of their indispensable services to the Hispanic community.

The health status of new arrivals to the District's Hispanic community is presenting serious problems and placing an additional burden on the Office on Latino Affairs. There is a very limited bilingual capability in the city's delivery of health care services and other District health care facilities are inaccessible to this sector of the population because of a language and cultural barrier.

The establishment of a Public Health Analyst position will give the Office on Latino Affairs the needed expertise to effectively collaborate with other D.C. agencies in understanding the needs and meeting the growing demands for health services of the Hispanic population.

DEPARTMENT OF EMPLOYMENT SERVICES

SENATOR D'AMATO:
1. During the last year the Committee has received several inquiries from individuals who are having difficulty in obtaining their unemployment benefits. It seems that with the new computerized system and mail-in cards things go fine for a while but then the checks stop coming. Is this a serious problem and what steps have you taken to correct it?

MR. SHANNON:
1. The new mail claim system uses the pay order cards as a tickler for continuing the pay process. There are occasions where the pay order card does not get back to the pay processing unit for various reasons, such as:

(a) Pay order cards are misrouted in mail from time to time causing a stop or delay in the pay process.
(b) Claimants occasionally fail to return the pay order cards completed, or fail to return the pay order cards at all.
(c) Eligibility questions come up during the life of the claim which calls for a claimant to come in to their local office to have the questions answered. When claimants fail to report to resolve availability, monetary, or other similar issues, a stop payment is put on the claim in accordance with the law, until that issue has been resolved.
(d) The claimants were issued a notice to report to their local office if there was a delay of 10 days in receiving their payment. At this time, any questions or issues that may have caused a delay in payment can be resolved.

SENATOR D'AMATO:
2. Please explain the provisions of the legislation submitted to the Council by the Mayor as the Unemployment Trust Fund Revenue and Conformity Act. Will it be more or less expensive in the future?

MR. SHANNON:
2. The revenue provisions of the Act are for the purpose of starting the District of Columbia toward a solvent UI Trust Fund. From 1975 to 1979 the District had to borrow $75 million dollars in order to continue to pay benefits. The Fund still owes $41 million to the U.S. Treasury. Raising the tax base from $6,000 to $7,500 on each worker will be more expensive. Capping the top benefit amount at $206 is less outlay. Correcting the solvency tax provision will implement the purpose of the tax as enacted January 1979.

The conformity provisions implemented into District law are the requirements of federal law concerning the Extended Benefit trigger and the deduction of child support from unemployment benefit payments. The Extended Benefit trigger is increased from 4 to 5% and must be implemented for the weeks beginning after September 25, 1982. The Child Support provision must be in place by October 1, 1982.

SENATOR D'AMATO:
3. On March 7, 1982, a press account indicated that the Office of Unemployment Compensation had made payments to claimants without verifying their validity, this raises several questions. Does a backlog of claims awaiting processing now exist, if so to what degree?

MR. SHANNON:
3. The Labor Department had a special team review records and the pay process. Their report showed that the system used for validation and verification was acceptable, however, there were suggestions made to improve the system. The error rate was not reported as being abnormal. Most of the errors identified were the human errors as a result of sheer volume and the implementation of the new system. There is no abnormal backlog. Delayed payments that might exist in the system today are due to the items addressed in question number 1, or where receipt of wages or notices are pending from other states or employers. This information is needed to compute the claim.

SENATOR D'AMATO:
4. How does the Office protect against cases of potential fraud? How many cases of fraud have been prosecuted in the last 3 years?

MR. SHANNON:
4. The Office has a Division of Program Security whose mission is to prevent, detect and recover overpayments. The main detection methods are: crossmatching of payments with wages reported by employers per quarter; verification of earnings reported on claim cards; tips from employers that a person is working and receiving benefits at the same time; and by indepth periodic interviews with claimants on eligibility.

Fraud prosecutions are handled by the U.S. Attorney for the District of Columbia. The present guidelines, established by the U.S. Attorney, for submitting cases for prosecution are: at least

$1,500 overpaid for 10 weeks or more; and in some instances exceptions may be made. These guidelines deter the prosecution activity to some degree when fraud is discovered before it meets the guidelines. This being the case, fewer cases are submitted for prosecution than the Department's desire since prosecution and publicity are preventive measures. For 1979, 24 cases were submitted; 1980, 22; and 1981, 64. So far, 11 cases have been submitted for 1982. Seventeen convictions have been rendered out of these cases, and eleven are still pending.

SENATOR D'AMATO:
5. It was also reported that in 1981, $586,000 in improper payments were made. What percentage of the total payments is that?

MR. SHANNON:
5. During 1981, $105,355,803 was paid. The $586,000 of overpayment is 0.5% of total payments.

SENATOR D'AMATO:
6. You recovered approximately 57% of those payments. Are these collections handled by your staff or by a collection agency? Are you taking steps to collect a large percentage?

MR. SHANNON:
6. Collections are handled by Department staff. The Branch of Benefit Payment Control has increased collection and recovery activities since September 1981. For the month of April 1982, 79.6% of the overpayments detected were recovered. This has been accomplished by closer supervision, training, and increased notification to claimants for repayment.

SENATOR D'AMATO:
7. What are your incorrect payment goals for 1982 and 1983? Are you on track in 1982?

MR. SHANNON:
7. The goal for 1982 and 1983 is that overpayments will be no more than 0.5% to 1.0% of total benefit payments for the fiscal year. For April 1982 the rate was 0.1% and year to date (April) 0.2%.

SENATOR D'AMATO:
8. In December, 1981 you announced the establishment of a Management Training Institute within DES. Its use by other agencies will be limited. This appears to be a very important and positive step. What is the cost per student and what is its status in the 1983 budget?

MR. SHANNON:
8. The Department of Employment Services (DOES) is proud of its Management Training Institute (MTI) which was established to provide ongoing training to enhance its employees' jobs skills. Invitations to participate in the MTI were extended to other D.C. government agencies as well. After approximately one year of operation, with a budget of approximately $226,000, we have provided training to 23,241. The overall cost per *student is less than $10.00.

These statistics break down into three major categories of participants: (1) *DOES employees - 971 of approximately 1,000

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*Some individuals have attended more than one training activity.

employees; (2) other D.C. agency employees - 598; and (3) Summer Youth Employment Program (SYEP) participants and work site supervisors and alternates - 20,750. In addition, there is a weekly Job Seeking Skills Seminar for unemployed City residents who are receiving Unemployment Compensation. The total number of UI claimants to date is 922.

The MTI is totally a federally funded operation. The FY 1983 budget levels have not been finalized, however program training opportunities will be consistent with the level of federal funds made available to the Department. Every effort will be made in meeting the agency's training requirements.

SENATOR D'AMATO:
9. Recently the Mayor received a $50,000 grant for youth employment from a rather unusual source, an Arab oil sheik. How will these funds be used?

MR. SHANNON:
9. These funds are being transferred to the District of Columbia Private Industry Council (PIC) to provide jobs for approximately 100 District youth for the summer.

SENATOR D'AMATO:
10. In your justification material you note that there will be a 29% reduction in federal grant programs for employment and training programs. This will obviously have a large impact on your operations. Have you taken any steps to replace some of this loss with private sector assistance without waiting for future legislation?

MR. SHANNON:
10. In the past, a major source of employment for residents of the District of Columbia has been the federal and District government. Due to the reduction in federal funds, the District government has initiated specific measures to expand the role of the private sector. One of the City's broad efforts has been development of the Employment-Economic Development Linkage Project, a new District government program which joins together three organizations - the D.C. Private Industry Council, the Office of Business and Economic Development, and the Department of Employment Services. The project enables the District government to design and implement packages for new developers and expanding businesses, and it combines employment incentives for the hiring and training of District residents.

Another major local incentive for employers is the District of Columbia Business Incentive Act of 1982, soon to be enacted in the City, to spur creation of new jobs and development of a competitive business climate. The Department also maintains ongoing efforts with the Metropolitan Board of Trade to further encourage involvement of the business community in the creation of jobs for District residents as well as the utilization of District citizens for their manpower needs.

Recently, the Mayor established a 45 member task force, comprised of 30 members from the private sector and 15 from the District government, to encourage business to participate in hiring youth year-round and to play a greater role in employing District residents. These represent a few of the major local initiatives.

SENATOR D'AMATO:
11. You are asking for an increase of 29 positions and showing a decrease of 80 positions that were formally funded from Federal sources. Would you please show us in what Control Centers these pluses and minuses occur?

MR. SHANNON:
11. The twenty-nine (29) position increase for FY 1983 occurs in the following Control Centers:

Control Center	Number of Positions
Executive Direction - 10	+3
Finance Administration - 21	+5
Manager per Audit - 22	+2
Labor Standards - 30	+9
Program Operations - 41	+10
Total	+29

The decrease of eighty federally funded positions occurs in the following Control Centers:

Control Center	Number of Positions
10	-19
21	-18
30	-2
41	-41
Total	-80

SENATOR D'AMATO:
12. On page CF-8 the Department's schedule 4 indicates that the other than personal services account doubles and now accounts for 82% of the budget. Please explain.

MR. SHANNON:
12. The support doubling of the other than personal services account is the direct result of increses of $1.308 million dollars in the Out-of-School Youth Employment and Training Program to fund 500 participants, as well as an identical amount in the Adults with Dependents Program for 600 additional participants. It is our intention for these new dollars to provide some relief for our losses in CETA. Also to be noted is a technical adjustment for the 4.4 million dollar amount added into the subsidies and transfer category for summer youth. This amount merely constitutes a transfer of these funds out of the regular pay-other category into its proper non-personal services category. Other increases in other than personal services are attributable to inflationary adjustments.

SENATOR D'AMATO:
13. Do you have any plans to take over administration of the private sector Workers' Compensation Program, we were under the impression that this was done last year.

MR. SHANNON:
13. D.C. Law 3-77, the District of Columbia Workers' Compensation Act of 1979, effective July 1, 1980, was expected to be implemented on October 1, 1981. On July 15, 1980, a suit was brought against the District of Columbia government seeking a declaratory judgement as to the validity of the Workers' Compensation Act and injunctive

relief against its enforcement. The trial court ruled that the Act was null and void and the District government appealed the decision. The D.C. Court of Appeals reversed the trial court and rendered a decision on January 28, 1982.

The District government made initial preparations, held organization meetings, hired limited staff in an effort to prepare for the implementation data of October 1, 1981, however, the D.C. Court of Appeals did not rule until the end of January, 1982 on the authority to implement such a program. Although working in a vacuum and preparing for a program which may not fall under the District's jurisdication, the District government, upon receipt of the decision from the D.C. Court of Appeals amended the Act through emergency and permanent legislation to make the implementation date July 26, 1982 for purposes of developing a workable program in light of the court delays.

The District government has brought staff on board, held organizational meetings, published proposed regulations, printed forms, developed internal procedures, bought equipment, phones and furnishings in effort to promptly implement a workable program that will provide benefits for injured employees of private employers, principally localized in the District, under the time constraints placed on the District government.

D.C. COMMISSION FOR WOMEN

SENATOR D'AMATO:

1. What will the additional 4 positions be?

ETHEL J. WILLIAMS:

1. The 4 additional positions are:
   a. Legislative Analyst
   b. Information and Referral Specialist
   c. Technical Writer and Editor
   d. Secretary

SENATOR D'AMATO:

2. What will some of the methods be for advertising the programs you have planned for the women in the area?

ETHEL J. WILLIAMS:

2. The Commission for Women plans to publish a quarterly newsletter which will collate news and views for and about women and their families. It will be disseminated to women's groups, neighborhood organizations, Advisory Neighborhood Commissions and advocacy groups.

The Commission has designed a small exhibit which is prominently displayed at local and national conferences, institutes and gathering places of groups and organizations.

The Commission's new brochure has been mailed to groups and individuals in the Washington area and all correspondence includes a copy of this material.

Commission meetings are planned at neighborhood locations. With the assistance and leadership of Commission members living in specific communities local residents will be invited to discuss and share common concerns and learn about the program of the Commission.

The knowledge and experience of Commission members will be utilized in "talk" shows that highlight women's issues. Through public service announcements special programs sponsored by the Commission will be aired.

At least twice a year, the Commission for Women has had all day conferences which because of the timeliness of the discussion topics, attract from 200 to 300 women.

SENATOR D'AMATO:

3. What is the track record for this program since it began?

ETHEL J. WILLIAMS:

3. The District of Columbia Commission on the Status of Women, in the preliminary work of its first year, (1967) found many obstacles which "impeded progress of women in education, employment, civil and political rights and responsibilities". Those words were couched in the language of the Proclamation dated January 10, 1967, which established the Commission. In accordance with the recommendations of the President's Commission on the Status of Women in 1963, the various states appointed Commissions to survey their specific needs and to recommend what actions should be taken. The District of Columbia was the forty-ninth "state" to set up such a commission.

On November 16, 1967, the Commission held an open conference in the District Building for the dual purpose of enlisting the views and support of varied community groups and of informing them about the organization and work of the commission. An overflow crowd of over 200 individuals representing a wide cross-section of organizations in the District were in attendance.

Fifteen years have passed since the Commission was organized. The D.C. Commission for Women Act was adopted by the City Council in September, 1978. This Act provided a new permanent status in the form of legislative authority and as a statutory unit of government located in the Executive Office of the Mayor.

Since that time the Commission has vigorously and consistently pursued its objectives in the form of conducting studies, initiating and conducting programs in areas including but not limited to:

- Elimination of discrimination based on sex and elimination of sex-role stereotyping and bias;
- Monitoring public and private employment practices including matters pertaining to working conditions;
- New and expanded services for women, to facilitate their optimal functioning as homemakers, wage-earners and citizens, including mental and physical health care, and the improvement of facilities for child care and youth development;
- Coalesce with other groups for the passage of legislation and legislative proposals to improve the status of women.

The Commission has published twelve comprehensive reports of its activities. A portable Vocational Exploration Module (including a Leader's Guide and a 12-minute slide-tape presentation) entitled, "HEY, WHAT ARE YOUR PLANS FOR THE NEXT 60 YEARS? has been designed, developed and tested for use with junior high school students, to deliver sex-fair vocational exploration services to junior high school students. In 1981, this slide-tape was presented in forty-seven classrooms in twenty-five of the local junior high schools.

700 copies of the scientific study Sexual Harassment In The Workplace was sent to other Commissions for Women, and its questionnaire can be used by government and non-government organizations, or by business and industry.

Other publications and materials produced by the D.C. Commission for Women include the Information and Referral Handbook, Women Need Wills Too, From Convict to Citizen (A Program For Female Offenders). It is anticipating the publication of Domestic Rights (A Guide Book for Women).

DEPARTMENT OF RECREATION

SENATOR D'AMATO:
1. You are requesting 24 additional positions. what will these positions be?

DR. RUMSEY:
2. The 24 additional positions will be as follows:
Conversions from temporary full-time to continuing full-time:
(14) pp. 304, 314.
DS-5 Procurement Agent
DS-4 Voucher Clerk
SW-4 Warehouse Supervisor
RW-4 Warehouseman
DS-9 Field Technical Assistant
(2) DS-7 Field Technical Assistants
DS-7 Accounting Technician
DS-6 Secretary
DS-5 Voucher Clerk
RW-8 Auto Worker
DS-4 Clerk Typist
(2) RW-1 Laborers
New Positions:(10) p. 321
(3) RW-9 Auto Mechanics
(2) RW-8 Senior Maintenance Mechanics
(5) RW-6 General Maintenance Mechanics

SENATOR D'AMATO:
2. You stated in your narrative page HA-3 that you will be converting 14 temporary part time employees. Are you converting them to permanent part time, full or what?

DR. RUMSEY:
2. Page HA-3 should have read "converted from term full-time." It is our desire to convert the 14 term full-time positions to continuing full-time positions.

SENATOR D'AMATO:
3. Define what you mean by a temporary employee.

DR. RUMSEY:
3. A temporary employee is a term part-time or full-time employee whose ending date of employment is within a fiscal year.

SENATOR D'AMATO:
4. How will you defray the burden that the 49% reduction of the United Planning Organization - Youth Program Block Grant will have on the Department of Recreation?

DR. RUMSEY:
4. The reduction of grant funds will impact greatly on the programmatic thrust of the Youth Programs. In order for the programs to operate as close as possible to the desired level, we will be required to allocate the major portion of our appropriated funds to the Block Grant Programs and further reduce administrative operations and personnel costs.

SENATOR D'AMATO:
5. Will all of your centers be properly staffed with the present employees?

DR. RUMSEY:
5. All of our centers will be properly staffed pending the acquisition of our budget request. In our 1983 budget, we have requested an increase of funds in the amount of $42,000 to provide WAE positions to assist continuing full-time positions at recreation centers and on playgrounds. This increase will adequately supply our staffing needs for 1983.

SENATOR D'AMATO:
6. The National Park Service has operated three public golf courses in the District, East Potomac Park, Rock Creek Park and Langston. Under whose auspices are the East Potomac and Rock Creek Park courses currently operated?

DR. RUMSEY:
6. Both of these courses are under the jurisdiction of the National Park Service. At East Potomac, National Park Service has a current contract with a concessionaire, S. G. Leoffler, Co., for operation of the course. The Rock Creek Park course is operated by Bob Brock, of Golf Course Specialties, under a one-year permit.

SENATOR D'AMATO:
7. What is the status of the Langston course?

DR. RUMSEY:
7. The Langston course had been operated by Lee Elder as a concessionaire. Elder's organization is in a legal process of reorganization, which may be settled by the end of June. If settlement takes place, the National Park Service will put out a prospectus for a new concessionaire. Langston is closed at the present time.

SENATOR D'AMATO:
8a. Did the Department of Recreation consider taking this operation over?

DR. RUMSEY:
8a. No. However, the Department of Recreation knew of the situation at Langston and was asked by the National Park Service for ideas on

its future operation. The Department did not consider taking it over because it does not have the financial or personnel resources to administer the operation.

SENATOR D'AMATO:
8b. What would the annual operating cost be?

DR. RUMSEY:
8b. Since the city has no golf courses, we have no basis for estimating operating costs. The National Park Service also was unable to provide an estimate. They say these costs are highly variable.

Department of Human Services

SENATOR D'AMATO:
The General Accounting Office recently reported that progress had been made in reducing the AFDC error rate and that the special initiative plan for further reducing errors held promise for success but that delays were being encountered in its implementation.

1. Please provide a status for each of the 8 objectives, in priority order, indicating the current status of each and the date by which they will be fully implemented.

AUDREY ROWE:
1. All tasks in the Special Initiative plan are either operational or the planning and design work completed. However, not every objective is fully operational at this time as it has not been possible to implement all the AFDC provisions contained in the Omnibus Budget Reconciliation Act of 1981 and the plan concurrently. It is not possible to prioritize the individual objectives of the plan since each objective is essential to the overall success of the initiative. Following is a brief status of each objective.

Objective 4: A new AFDC policy manual has been written and issued to staff.

Objective 5: A draft AFDC procedures manual has been written and is currently undergoing final review.

Objective 8: The Office of Management Systems is established and functioning.

Objective 6: Regarding staff training, extensive training took place regarding the new AFDC policy manual as well as intensive training on the provisions of the Omnibus Budget Reconciliation Act and the Income Maintenance Management System (IMMS) utilized to implement those provisions. However, training is an on-going requirement, especially in view of changing regulations. Staff in the Income Maintenance Administration are currently developing a comprehensive training proposal addressing additional resource needs as well as developing curriculum requirements.

Objective 1: A workload planning system has been developed. This system which is an extension of the General Accounting Office's error-prone profile system will permit the selection of all cases with specified case characteristics, thereby identifying the reason for the error-proneness. With this capability, criteria can be established for selective case action and therefore it will be possible to select from the entire caseload, only the most error-prone cases for extensive review, limiting the review of the remaining cases to approximately five or six easily verifiable eligibility factors. Implementation of this system is the responsibility of the Office of Management Systems which will operate the error-prone profile and ensure the on-going effectiveness of the workload planning system.

Objective 3: Workload standards have been developed in draft form but have not yet been implemented. This step is dependent upon final completion of the Income Maintenance Management System (IMMS) which will permit a system of workload standards to be fully operational.

Objectives 2 and 7: The Income Maintenance Administration (IMA) is not redetermining eligibility within prescribed time frames for all cases. It has not been possible to review all cases on schedule and implement all the AFDC provisions contained in the Omnibus Budget Reconciliation Act. However, IMA staff are conducting reviews on high priority error-prone cases and as workloads stabilize after the completion of IMMS, case review activity will be stepped up.

SENATOR D'AMATO:
2. Also indicate the program measures you will be analyzing and monitoring to gauge their effectiveness. Please associate each program measure with the appropriate objective as stated beginning on page III-1 of the plan.

AUDREY ROWE:
2. The workload planning system (Objective 1) will itself provide a principal measure for gauging the effectiveness of other error-reduction objectives. It will provide a set of reasonable standards against which we can measure the productivity of staff (e.g., are workers completing an appropriate number of reviews each month?). These productivity measures can then be compared to Quality Control data to determine whether adequate effort is being produced to maintain low rates of error performance. Productivity measures (which can be extracted from the Income Maintenance Management System) in combination with Quality Control data are the principal performance measure for all SIMS objectives.

SENATOR D'AMATO:
We understand that the Federal Department of Health and Human Services reestimates the District's AFDC error rate for purposes of determining the amount to be reimbursed to the City for this program.

3. Please provide the District and Federal AFDC rates by month for the first half of FY 1982, October, 1981 through March, 1982.

AUDREY ROWE:
3. First of all, I would like to briefly expand upon the premise of the question. The Federal Government regularly reviews a subsample (approximately 20%) of the quality control reviews conducted in the District and in all other states. The purpose is to bring a measure of national consistency and rigor to these data. Based on the Federal re-review, as it's called, a state-reported error rate will be adjusted. Historically, the D.C.-reported error rate has been adjusted in both directions. The 11.4% reported for September 1980 was adjusted downward to 10.5%. The 12.1% reported for March 1981 was adjusted upward to 15.1%. The re-review process is a lenghty one, typically taking up to a year. Thus, October 1980 to March 1981 is the most recent period for which we have a final

number. Recent preliminary findings forwarded to the Federal Government is 11.7% for the period ending September 1981, which is a slight reduction from the March 1981 DHS reported period. At this time we do not know what the final adjusted result will be, nor, do we have a monthly breakdown.

We have been able to look at the composition of the preliminary error figures over the last two review periods. The preliminary increase is in ineligible cases rather than overpaid cases, and principally results from an increase in cases involving unreported earnings. This is the most difficult error category to address because it results usually from a client's misunderstanding of the regulations or the willful concealment of income. Obviously, the best mechanism for addressing this is the periodic redetermination. The Income Maintenance Administration has been unable to simultaneously implement a new automated data processing system, implement all the new policies contained in the 1981 Omnibus Budget Reconciliation Act and complete all required AFDC reviews. Unreported income errors have risen as a result. Now that we have completed the implementation of all the policies (which happened June 1) and have a largely completed installation of the new system, we are able to return our attention to the conduct of AFDC reviews. We have developed a set of error-prone criteria which is being used to review approximately 33% of all AFDC cases during the months of July and August. We believe this effort will root out a large number of ineligible cases and establish a sound foundation for continuing this effort through Fiscal Year 1983.

You know, Senator, that there are inherent advantages in the Quality Control review process that render it a superior tool for uncovering unreported income errors. The actual review of a Quality Control case drawn in, say November 1981, can be conducted over a period of several months if need be. Thus a Quality Control reviewer will have access in April 1982 to employer-reported wage-match data for the fourth quarter of 1981 that will show whether a particular client had earnings reported for that quarter. This fourth quarter wage-match data was not available when the IMA worker was acting on this case in November. IMA staff can only use the employer wage-data as a predictive tool. Moreover, Quality Control workers are responsible for reviewing caseloads of between 10 and 15 cases a month. IMA workers must complete between 25 and 35 reviews a month. There is a significant difference in the amount of time available for each review. The point of this is that my Commission can support the concept of Quality Control standards and a sanction system. We cannot support, however, the concept of a zero error rate sanction system such as has been proposed by the Administration. It is inherently unfair, serves no legitimate managerial purpose, and amounts really to a change in the rules governing Federal financial participation and should be treated as such.

SENATOR D'AMATO:
4. Since the Federal government will not reimburse for anything above 4% what is the potential exposure if this trend continues during the last half of the year and what is your estimate during the year of the amount that will not be reimbursed.

AUDREY ROWE:
4. If the DHS reported trend continues and the 11.7% reported for the period ending September 1981 approximates the FY 1982 average, then our payment error rate will exceed the FY 1982 DHHS target rate of 10.14% by 1.56%. Applying this fiscal sanction percentage to

anticipated FY 1982 expenditures of $86,530,000 indicates that the District could lose approximately $674,900 in federal financial participation in FY 1982.

SENATOR D'AMATO:
Currently the law requires that each AFDC case be reviewed every 6 months for eligibility, this would indicate that each month approximately 16% of all cases would be reviewed. However, the last two reports, covering information from August, 1981 to November, 1981 indicate that only 42.9% of cases were reviewed. This means that in December, 1981 and January, 1982, nearly 30% per month would have to have been reviewed to reach 100% in 6 months.

5. Was that done? If not, why not, and what are the consequences of not achieving that requirement?

AUDREY ROWE:
5. The Department has not been successful in completing 100% of the required number of 6 month AFDC reviews due from August 1981 through May 1982. In analyzing data for the months of October and November, 1981 approximately 70% of the reviews due were completed. During these two (2) particular months a total of 8,914 reviews were due and 6,205 were completed.

The major reason for the Department's failure to meet the required 6 month AFDC review cycle was the necessity to prepare for and to implement by October 1, 1981, the requirements of the Omnibus Budget Reconciliation Act of 1981. In addition to the complexity and vastness of the new requirements, the Department during this time installed a much needed computer system for the automated processing of caseload data which would be more compatible with the new requirements. The priority of this new system, the Income Maintenance Management System (IMMS), was to support the implementation of all AFDC provisions of the Omnibus Budget Reconciliation Act. The fields reserved to record data regarding recertifications were not operative in the system during the period December through May. However, the Income Maintenance Administration is now conducting 6 month AFDC reviews on a high priority error-prone case basis.

SENATOR D'AMATO:
6. We note that data for December, 1981 and January, 1982, was not available when this report was transmitted to the Committee on May 12, 1982, why is that?

AUDREY ROWE:
6. As I previously indicated, data was not captured regarding the number of AFDC 6 month reviews completed for the months of December 1981 and January 1982, due to the necessity to implement the requirements of the Omnibus Budget Reconciliation Act of 1981. The IMMS capability to provide this information is just becoming operational.

SENATOR D'AMATO:
7. Please give us some details on your increased level of effort in the collections of over payments and prosecution of fraudulent cases. How many were referred to Corporation Counsel during the first half of the current fiscal year and how much was collected?

MR. BUFORD:
7. The Omnibus Budget Reconciliation Act of 1981 requires that a procedure be established and implemented to collect for prior overpayments to AFDC cases. The Department has incorporated the

new procedure into its Income Maintenance System (IMMS). Effective with the monthly check received by AFDC recipients on July 1, 1982, checks will be reduced by the amount of prior overpayment, up to the maximum percent that the law permits the current month's check to reduced.

As to the prosecution of fraudulent cases, several cooperative meetings have been held between the Department and the Office of Corporation Counsel to establish a Welfare Fraud Unit within the Office of the Corporation Counselor. An agreement has been drafted but implementaion has not occurred. I am scheduling a meeting with the Corporation Counsel to finalize this agreement.

Thirty-six cases have been referred to the Corporation Counsel since the beginning of fiscal year 1982. Ten of these cases are being presented to the court for prosecution on June 17, 1982. It is expected that a minimum of ten cases will be referred each month. Once the Welfare Fraud Unit has been established in the Corporation Counsel, the prosecution of fraud cases will be expedited and the number of cases referred each month will be increased to a minimum of 20 cases per month.

SENATOR D'AMATO:
8. What percentage of the total DHS budget is allocated to training?

MR. BUFORD:
The Department of Human Services had its own Training Division prior to the District's centralization of Personnel and Training on August 1, 1979. Sicne then the Department's budget for training of employees have been less than .01% of the Department's gross budget. The funds available are primarily for employees' tuition for courses and training sessions they attend.

SENATOR D'AMATO:
In January, the city responded to a G.A.O. Report entitled "District Needs to Improve the Process for Identifying Misuse of its Medicaid Program". You indicated general agreement with its findings and recommendations, indicating that many of these were being implemented.

9. Have these procedures been fully implemented. If not, please indicate what more needs to be done and when it will be completed.

MR. BUFORD:
9. Except for ongoing evaluation, the procedures have been fully implemented.

SENATOR D'AMATO:
10. What further steps are you considering to continue improvements in the Medicaid Program? Both administratively and legislatively.

MR. BUFORD:
10. As part of continuing efforts to improve our Medicaid program, we are considering a number of steps in keeping with our basic goal of quality medical care available to citizens through an efficient, thorough and cost effective program.

(1) The District is expanding its Surveillance Utilization Review to all providers and clients participating in the Medicaid program.

(2) If feasible, for providers identified as potential abusers/misusers, we plan the use of statistical extrapolation in the calculation of recoupment for adult errors related to program payments.

(3) The Department of Human Services is entering into an agreement with a number of hospitals, to share in the costs of consultant assistance relative to the possibilities of systematic reform in the configuration of the delivery of Medicaid services and/or method(s) of reimbursement.

Possible options to be explored will include:

(a) Designate a multi-hospital consortium with satellite clinics as a sole Medicaid providers in the District, turn over Medicaid budgets to it and mandate provision of care for the District Medicaid population.

(b) Creation of a multi-hospital consortium with efficiencies through shared services, joint purchasing, etc. (Detroit's general approach).

(c) Divide Medicaid population geographically and tie recipients to individual hospitals.

(d) Develop a new city wide HMO in cooperation with hospitals, for purpose of mandatory enrollment of Medicaid population.

(e) Establish joint DHS/hospital rate review commission.

(f) Create a separate organizational entity to serve as the independent broker to purchase health care for all eligibles.

Creative new approaches as well as "tried and true" measures will continue to be weighed as we seek to meet the needs of the city population through the most efficient use of tax dollars.

SENATOR D'AMATO:
Concerning the General Public Assistance program, last year anticipated no new cases.

11a. Has that held true?

AUDREY ROWE:
11a. Yes. Since implementing, in September, 1981, the automatic termination process whereby clients are sent computer generated notices 60 days prior to the expiration of their eligibility period, we have been experiencing a "zero-growth" GPA-U program in the sense that approved new applications have been offset by terminations of eligibility.

SENATOR D'AMATO:
11b. What is the current caseload and that expected in 1983 — please include clients and dollar amounts.

AUDREY ROWE:
11b. Benefits were paid to 5,112 clients in October, 1981, as compared to 5,074 clients in April, 1982. The FY 1983 projected average monthly GPA-Unemployable caseload of 5,200 cases, at a projected FY 1983 cost of $13,458,000 seems realistic in view of current experience in this program.

SENATOR D'AMATO:
12. What is the error rate among GPA cases? Is it getting better or worse?

AUDREY ROWE:
12. Since there is no quality control review process for the GPA program that is analogous to that for the AFDC program, information regarding a GPA error rate is not available. However, recent audits and studies supported the fact that a major cause for error in this program was the failure to perform eligibility reviews when due. Since implementing the automatic 60 day notice system in September, 1981, the number of cases overdue for review has been reduced from 59% in March, 1980 to 9.3% in April, 1982. The Income Maintenance Administration is in the process of hiring new staff that will be used to further strengthen GPA review activities.

SENATOR D'AMATO:
Last years Senate report on the District appropriations bill recommended that consideration be given to establishing a quality control system for GPA similar to the one used for AFDC.

13 Has that been done, if not why not and why don't you think it is necessary?

AUDREY ROWE:
13. The Department has not established a quality control program for GPA in the sense that these exist for AFDC and Food Stamps. While the concept has been raised, it has not been actively pursued because it was felt that the resources would be better spent on the review of program eligibility requirements.

To this end, the Department has tightened procedures through an automated system for reviewing cases as their eligibility expires. In addition, we have instituted computer cross-matches on a variety of eligibility factors, have assigned full-time investigators to reviewing cases for possible employment and have installed a direct computer link-up with the Department of Employment Services to verify employment and benefit data. And, as I noted eariler, the Income Maintenance Administration is in the process of hiring new staff that will be assigned to further strenghten GPA review processes.

SENATOR D'AMAMTO:
On March 9, 1982 in a press release in connection with the opening of the Arthur Capper Health Center you are quoted as indicating that the Mayor is committed to creating public health services as good as those offered in the private sector.

14. As a matter of philosophy and cost, can the City provide these services, at that level, at the same rate that it could purchase them form private suppliers?

MR. BUFORD:
14. In the March 9, 1982 referenced Press Release, I said this new Center will enable us to provide high quality health care and preventive health care services to residents of this area to help meet Mayor Marion Barry's commitment to create District of Columbia Health Services which are comparable to those offered in the private sector. Since the opening of the Center, more than 25,000 residents of the Arthur Capper community have received comprehensive services provided by that Health Center.

The Comprehensive health services includes complete medical, pediatric, OB/GYN, family planning and dental services. Since many of the users come from multi-problem families, our health center's staff also includes social workers and nutritionists. The private sector usallly lacks this comprehensive approach to health care. Therefore, cost comparisions between public health and private sector services have to make adjustments to reflect these differences in service delivery. Such cost analysis is not available at the present time.

SENATOR D'AMATO:
Last year the Committee approved a budget including $360,000 for the automating of the Vital Recores Section.

15. What is the status of these funds? Is the automation underway and when will it be completed?

MR. BUFORD:
15. The automation of Vital Records is underway and the anticipated completion date is March 31, 1983. Funds to accomplish the automation are allocated as follows:

Equipment Purchase	$ 60,500
Equipment Leasing	14,184
Date Conversion	150,000
Revised Birth Certificates	8,500
Staff	118,000
Total	$ 351,184

At this reporting, the monies identified have been encumbered as described.

D. C. GENERAL HOSPITAL

SENATOR D'AMATO:
1. The requested amount for D. C. General Hospital is $35.1 million in 1983, a 12% increase over 1982. Last year you estimated cash collection of $43.2 million for the current year, is that holding?

MR. JOHNSON:
1. The amount of subsidy requested in the original submission was $40.8 million - $35.1 million plus an additional $5.7 million assured by OBRD and the Mayor as a reprogramming of Medicaid funds from DHS Budget. However, since the time of the original submission, certain events have increased this requirement to $43.3 million.

The increase in D. C. General Hospital's subsidy requirement from FY 1982 to FY 1983 may seem high, but is well within the reasonable limits if averaged over a period of the last four (4) years. During this period, the subsidy requirement has increased an average of 12% per year as compared with the hospital industry's average increase of 17% per year. However, we used prior years accounts receivable to minimize the District's subsidy for those four (4) years. There has been a small change in D. C. General Hospital's FY 1982 projected expenses and collections. The hospital is currently projecting its expenditures to be $77.2 million instead of $78.0 million approved by the Congress including pay adjustments. Its collections are projected to be $43.8 million for FY 1982. D. C. General Hospital Commission has already requested OBRD to fund the projected shortfall of $2.0 million in FY 1982.

SENATOR D'AMATO:
2. What are your estimated collections in 1983? What is the subsidy request as a percentage of your gross operating budget?

MR. JOHNSON:
2. The D. C. General Hospital is projecting its FY 1983 collections to be $42.7 million. This amount is less than the FY 1982 projected collections. In FY 1982 the hospital is projecting to collect $5.5 million from prior years' accounts receivables (due to under-collections in those years) that are considered to be above the normal receivables an institution of this size has. Therefore this source will no longer be available in FY 1983. The Hospital's original budget request of $79.3 million has been revised to reflect a more realistic amount of $86.0 million including pay increases. D. C. General original subsidy request of $40.8 million ($35.1 million + $5.7 million to be reprogrammed from DHS) should be revised to reflect current requirements of $43.3 million. This amount is 50% of the $86.0 million projected expenditures.

SENATOR D'AMATO:
3. Please place in the record an updated version of the table on page 270 of last years hearing.

MR. JOHNSON:
3. See attached table.

SENATOR D'AMATO:
4. What percentage increase have you experienced, and do you expect, in costs for supplies, personnel, and energy?

MR. JOHNSON:
4. During FY 1982, D. C. General Hospital's personnel costs have increased approximately 10% consisting of a 5% pay adjustment for all employees except registered nurses who received an average of 11.7% pay increase. In addition to the pay adjustment of 5%, there were bonuses paid to all employees of 2% for non-bargaining unit staff, and 3-1/2% for all others, except the registered nurses, who did not get a bonus. There were additional 1.5% average within grade increases.

For FY 1983, the pay adjustment is scheduled to be 7%, plus the 1.5% average for promotions and step increases, or a total of 8.5%.

Based upon its experience the Hospital is projecting a 15% increase in supplies expenses for FY 1983.

The energy cost experience shows a 10% factor of increase for FY 1983.

D. C. GENERAL HOSPITAL
OPERATING BUDGET
COMPARATIVE DATA 1978 - 1983

FISCAL YEAR	APPROPRIATION	COLLECTIONS	ADDITIONAL FUNDING REQUIRED	GROSS OPERATING BUDGET	AUTHORIZED POSITIONS	POSITIONS FILLED AT YEAR END
1978	$31,607,800	$16,304,500	$	$47,912,300	2,380	2,159
1979	28,130,800	26,639,900		54,770,700	2,275	2,160
1980	31,654,000	32,686,500		63,824,500	2,356	2,120
1981	31,088,600	40,874,462		71,963,062	2,356	2,090
1982	31,386,600	43,813,400 -a)	2,000,000	77,200,000 (Forecast)	2,356	2,261
1983	43,300,000 (Appropriation Required)	42,700,000 -a).		86,000,000 (Forecast)	2,356	2,261

-a) Includes Intra District transfers of $2.6 million in FY 1982 and $2.3 million in FY 1983

D.C. ENERGY OFFICE

SENATOR D'AMATO:

1. The amount of $3,373,300 is requested for this program in 1983. What are the eligibility criteria for this aid?

MR. CLINTON:

1. Persons are eligible to receive energy assistance grants who meet the following requirements:

(a) Are residents of the District of Columbia;

(b) Are eligible for AFDC benefits, or would have been eligible but for the application of the following provisions of the Social Security Act: 402(a)(8)(A)(ii); (iii); (iv); 402(a)(8)(B)(ii)(II) 402(a)(18); and,

(c) Have some earned income from partial or full-time employment.

SENATOR D'AMATO:

2. You state that the request will allow you to "hold harmless" individuals who would lose benefits under the Federal AFDC guidelines. Is this the purpose of the program or is it to help offset the increased costs of household energy?

MR. CLINTON:

2. The purpose of the program is to help low-income working families who may have difficulty paying fuel and utility bills because of loss of benefits under the new Federal AFDC guidelines.

SENATOR D'AMATO:

3. If this program did not exist what is your estimate of the number and cost of the 3800 eligible citizens that would return to full welfare benefits?

MR. CLINTON:

3. We feel that almost all of the eligible citizens would return to full welfare benefits. If this program did not exist the cost to the government would include the cost of the energy assistance program plus the earned income these clients are receiving from their partial or full-time employment.

Washington Metropolitan Area Transit Commission

SENATOR D'AMATO:

The 1983 request as the District's share of Commission operations is $91,000. Please give us a table showing the WMATC total budget and the amount and percentage of each of the participants.

MR. McGILVERY:
The following is a table showing the WMATC total budget and the amount and percentage of each of the participants:

District of Columbia	24.58%	$ 91,000
State of Maryland	45.18%	167,100
Commonwealth of Virginia	30.24%	111,900
Total Budget	100.00	$370,000

SENATOR D'AMATO:
Do these percentages reflect the 1980 census for cost allocation purposes? If not, why not and what would the allocation be, using the more recent data?

MR. McGILVERY:
Yes. For its FY83 budget, the Commission used Bureau of the Census data, Series P-25, No. 873 (Metropolitan Areas) issued February 1980.

SENATOR D'AMATO:
The increase in the Commission's budget is over 15%. What workload increases necessitate this amount? Please be specific.

MR. McGILVERY:
Not all FY83 increases are workload associated. The cost of running the WMATC office has increased, including expenses for office space rental, printing and reproduction, supplies, repairs, postage and insurance. The Commission has experienced a workload increase resulting in part from greater visibility due to its intensified enforcement of interstate taxicab rates. There has been a marked increase in both telephone information requests and written complaints, leading to action taken against taxicab drivers who are overcharging passengers. Additionally, extensive litigation involving Commission decisions in the United States Court of Appeals for the District of Columbia Circuit continues with increased Commission activity contemplated in FY83.

DEPARTMENT OF TRANSPORTATION

SENATOR D'AMATO:
1. Mr. Downs, we recently received a reprogramming request of $2.2 million to complete the so-called Center Leg of I-395. Once this is approved, how long will it be until this connector is open to traffic?

MR DOWNS:
1. Once we have the approved reprogramming for the Center Leg, it will be 18 to 24 months until the route is open to traffic.

SENATOR D'AMATO:
1a. What all remains to be done?

MR. DOWNS:
1a. The following is the remaining work that is to be done:

1) Tiling of the tunnel's ceiling and walls
2) Tunnel lighting
3) Tunnel paving
4) Landscaping

SENATOR D'AMATO:
1b. Are Federal Interstate funds available to the City sufficient to get this work done?

MR. DOWNS:
1b. The matching Federal Interstate funds are available.

SENATOR D'AMATO:
2. We have also received a reprogramming request seeking to take $4.9 million from the City's contribution to Metro and use it on various other projects. Will this result in any loss of transit service to the City?

MR. DOWNS:
2. The District of Columbia will not lose any of its existing metrobus or metrorail service as a result of the $4.9 million reprogramming request. Several factors allow us to make this request. When the City's FY 82 budget of $94,076,200 was approved, it was anticipated that the opening of additional segments of the rail system would increase the District's share of the operating subsidy. However, METRO was unable to acquire new rail cars to run the service because of a strike at a company that was making brakes for the new cars. The delay in operating new rail segments resulted in reducing METRO'S overall operating costs and likewise the District's share for FY 82. In addition, METRO realized additional revenues from two fare increases which took effect July 1980 and July 1981, further reducing their need for operating subsides. Finally, METRO revised their allocation percentage formula for assessing other jurisdictions in a manner favorable to the District. The District, therefore, is in a position to reprogram at least this $4.9 million and in reality the request could be considerable higher without effecting METRO service.

SENATOR D'AMATO:
3. You have stated that a normal yearly average of 30 miles of resurfacing is needed to keep up with maintenance needs. What is your annual goal--will you meet it this year?

MR. DOWNS:
3. Yes, we will meet our annual goal of 30 miles this year.

SENATOR D'AMATO:
3a. Do you foresee being able to maintain that level of effort in the years to come?

MR. DOWNS:
3a. We have the DC funds budgeted for over the next few years to maintain this 30 miles per year pace. Starting in FY 81 the funds have been increased so that the mileage is upped to 39 miles per year in order to reduce the backlog sooner and to account for those heavily traveled streets that may have a slightly shorter life span than the average street. Our efforts are heavily dependent upon Federal fund availability.

SENATOR D'AMATO:
4. In last year's report we noted that many roads and bridges in the District are under the control of the National Park Service and asked that you discuss with them establishing a comprehensive plan to eliminate the backlog in repairs to these structures. What is the status of such a plan?

MR. DOWNS:
4. The Director and senior staff meet at least every six weeks with the Regional Director of the National Park Service and his staff to coordinate all on-going activities. While we have discussed

coordination of many individual capital projects, we have not yet established a planning review process for the entire capital program. I will discuss such an effort at the next DC DOT/NPS coordination meeting.

DEPARTMENT OF TRANSPORTATION

WAMATA

SENATOR D'AMATO:

The law required that the Secretary of Transportation determine that each jurisdiction have a "stable and reliable" funding source for Metro operating costs. We understand that Virginia may not be view-- as having met that requirement. What is the status?

MR. DOWNS:

1. WMATA has submitted material relative to the implementation of the stable and reliable plan in June 1982 and again in July. This material contained a letter from Governor Robb of Virginia providing a summary of recent General Assembly actions affecting Stark-Harris requirements. UMTA has requested that the Authority prepare an updated and comprehensive stable and reliable program before a final decision is reached on whether the Authority has met the requirements of the Stark-Harris legislation.

SENATOR D'AMATO:

How is your ridership? Are you meeting projections?

MR. DOWNS:

2a. Ridership on the WMATA system is following the material trend - declining. April 1982 bus ridership declined 7.2% compared to April 1981 while rail dropped 0.2%. This decrease was a reversal of the Authority's projections for 1982 which indicated that major increases in ridership would occur.

SENATOR D'AMATO:

2b. If you aren't meeting ridership projections you probably aren't meeting revenue estimates. Is this true?

MR. DOWNS:

2b. It is true that revenue projections are not being met. For the period January - March 1982, revenue was 2% behind projection.

SENATOR D'AMATO:

2c. What other problems does that cause?

MR. DOWNS:

2c. The Authority is committed to reducing its operating assistance by $3 million for FY 1982. Failure to meet revenue projections will mean that even more stringent actions will have to be taken in the areas of personnel costs and materials and supplies. Ridership and revenue losses also raise the prospect of service cuts.

SENATOR D'AMATO:

3. You currently have 298 rail cars available to the system with more on order. There was a strike that delayed the delivery of these cars. What is the current schedule of these delivery?

MR. DOWNS:

3. The strike at the WABCO plant was settled on May 24, 1982. WABCO is the supplier of the braking system, a major component of the new vehicles. A new vehicle delivery schedule based on a new WABCO Production Schudule is being developed.

SENATOR D'AMATO:
3b. Will you have to delay opening any rail segments as a result of not receiving those cars on time?

MR. DOWNS:
3b. The strike resulted in delaying the opening of the following rail segments: National Airport to Huntington, Yellow Line Shuttle (National Airport to Gallery Place) and Van Ness-UDC to Shady Grove.

SENATOR D'AMATO:
3c. Does your contract for these rail cars call for progress payments to the contractor upon the completion of certain milestones?

Because of the strike, were these milestones met - and if not were these payments made?

MR. DOWNS:
3c. When a specific event or milestone occurs, a certain percent of the contract price is paid to the car manufacturer.

The events or milestones in the contract are based on when the event occur versus the time the event was made. The delivery date for the cars is the key determinant and even if the interim events were late, payment would still be made if the delivery date is met. The General Accounting Office is completing a study of the rail car contract and a formal report is due in late 1982.

SENATOR D'AMATO:
4. What is the status of your bus fleet? We understand you plan to rehabilitate 600 buses over the next few years to increase your available fleet. What is the cost of this program?

Will this be more cost effective than buying a new bus that would last 12 years?

MR. DOWNS:
4. WMATA has a total bus fleet size of 1,733 which constitutes a sporing factor of nearly 15%. Maintenance of the fleet is one of the major concerns of the Authority and efforts are underway to improve the operation and maintenance of the fleet.

600 general motor's buses will be rehabilitated over the next four years at a total cost of $45 million in 1982 dollars. The per unit cost at approximately $75,000, and a life expectancy of 6 or more years is exactly half that of a new vehicle. However, for the same amount of money, we can be assured of twice the number of reliable buses in the early years when the fleet size is critical.

SENATOR D'AMATO:
5. Last March a Federal judge ruled that a 1980 change in the south terminal of the Green line meant that you had to do the entire planning process over. Where does the Geen line, south of the Navy Yard, stand and what does that do to your construction schedule and budget?

MR. DOWNS:
5. The Authority has held new public hearings in the District of Columbia and Prince Georges County to modify the alignment for the Green Line route through Anacostia to PG County. After the WMATA staff issues a report on the hearings, the issue can be brought to the Board of Directors for resolution. The delay will add at least another 12-15 months to the construction schedule and will also add to the construction costs as a result of inflation.

DEPARTMENT OF ENVIRONMENTAL SERVICES

SENATOR D'AMATO:
1. What is the status of the District's sludge disposal system?

MAYOR BARRY:
1. The status of the District's sludge disposal system is based upon anticipated sludge production to average 1,700 wet tons at 20% solids content per day during FY-83. The District has committed for disposal of 900 tons per day or approximately 55% of the total as its share, under three different methods.

(1) Dano Resource Recovery, Inc., will convert equal quantities of sludge and solid waste to a stabilized compost. Dano is to be in operation on a demonstration contract processing 200 tons each of sludge and solid waste in September 1982, and once they are successful in the demonstration, will phase up to 900 tons per day each of sludge and solid waste by July 1983.

(2) Chemical conversion of sludge via the Chemfix Process to a clay-like material presently used primarily as final cover on landfills. This method is used for 400 tons of sludge per day now and will phase down by like amount as Dano Resource Recovery, Inc., increases beyond 200 tons per day.

(3) On site composting via the static pile method presently limited to 300 tons per day of sludge. Once the Dano process can accept 900 tons per day of sludge on site, composting will be phased out.

By the above three methods of sludge disposal and by the Blue Plains users each processing their respective share of Blue Plains sludge, all sludge generated is accounted for.

SENATOR D'AMATO:
2a. Are you still considering off shore disposal of sludge?

MAYOR BARRY:
2a. The District is still considering the possibility of off shore disposal of sludge.

SENATOR D'AMATO:
2b. What is the status of your application to EPA?

MAYOR BARRY:
2b. The District has not completed its application for an ocean disposal permit. Remaining to be completed is the analytical work and resolution of site monitoring requirements.

For the past year EPA has indicated that new regulations for ocean disposal would be forthcoming. We have delayed major expenditure for laboratory work until we see the new regulations in print.

WASHINGTON AQUEDUCT

SENATOR D'AMATO:
The Washington Aqueduct section of the U.S. Army Corps of Engineers is responsible for supplying drinking water. To what areas and facilities do you supply water and how much on a daily basis.

MR. WAYS:
The Washington Aqueduct Division provides the water supply for approximately 1.1 million people in the District of Columbia, Arlington County, Virginia and 40 square miles of Fairfax County, Virginia. In addition, we supply all Federal Government installations in D.C. and several in Virginia and Maryland. During FY 1981, the average day production was 209 million gallons per day (mgd) of which 143 mgd went to D.C. customers, 24 mgd to Arlington County; 18 million to Fairfax County and 24 mgd to the Federal Government.

SENATOR D'AMATO:
Not long ago the Washington Suburban Sanitary Commission experienced an outage that interrupted the drinking water supply to thousands of its customers. Is a similar occurance possible at Aqueduct facilities.

MR. WAYS:
All water supply systems are subject to outages for a number of reasons, some of which may be beyond the control of the operators, such as a major power failure. However, in the case of the Washington Aqueduct, we have sufficient redundancy built into the system to enable us to meet the demands in all but the most extreme condition. The failure at the WSSC resulted when protective back-up systems failed to operate properly, and as a consequence, a relatively minor incident resulted in extensive damage. Independent consultants subsequently placed the blame for that incident on "human error" (failing to properly maintain the facility). The personnel of the Washington Aqueduct who perform this type of maintenance work are well qualified, highly trained and have years of experience working with this type of electro-mechanical equipment. As a result, a similar failure is extremely unlikely. Retention of such persons is essential to provide maximum insurance against interruption of service.

SENATOR D'AMATO:
Earlier this year the Office of Management and Budget asked that certain services be identified for possible contracting out. We understand that some local officials have expressed concern about the security and sensitivity of their water supply. Do you share such concerns?

MR. WAYS:
I do share such concerns, for a number of reasons, some of which relate to the previous question. In my opinion, dependable operation and maintenance of a major water supply system requires personnel thoroughly familiar with the system. There is a vital need for experienced supervision and a capable work force, able and willing to respond in a timely manner at all hours of the day and night, to operate and maintain the highly complex facilities utilized in the collection system, treatment processes, pumping stations and transmission systems. The skills and knowledge of the utility personnel responsible for the operation and maintenance of the Washington Aqueduct represent many years of on-site training, since each water system is unique in its O&M requirements.

All major water suppliers in the United States operate and maintain their own systems using their own skilled forces. There are no known instances of a contractor taking over the management, operation and maintenance of any major public water supply system. Water supply is a public responsibility, on a 365-day a year, 24-hour per day basis, and demands employee reliability and consistency found in few other undertakings.

I do not see how contractor personnel could possibly learn all the intracacies of the treatment plants, pumping stations and distribution systems without extensive training over a long period, during which the water supply system would be especially vulnerable. System reliability demands minimal risk taking. Further, there is no way to assure continuity of contractor personnel, since the contract would be periodically up for take over by another low bidder.

SENATOR D'AMATO:
Please provide for the record a listing of services that these officials are referring to and those which you believe can be contracted out without potential harm to the water supply.

MR. WAYS:
The first phase of the studies, scheduled for completion on 30 July 1982 involves custodial services, grounds maintenance, painting and motor vehicle maintenance. These functions are not critical to the water supply system. Security guards are also included, but this service can be provided adequately by contract personnel.

The second phase, which has been temporarily postponed until further notice, involves the employees engaged in the maintenance activities critical to the provision of a safe and adequate water supply. Included in this study are all high voltage electricians, electrical instrument control repairers, machinists, welders, outside utility operating personnel, pipefitters, and all other employees engaged in both breakdown and preventative maintenance of the vast and complicated electro-mechanical systems utilized to collect, treat, and pump over 75 billion gallons of water per year. The skills and knowledge of the government personnel now responsible for this maintenance represent many years of on-site training on the myriad of complex and interrelated equipment vital to continued operating of the water supply system.

Future studies may include all operating and administrative personnel.

SENATOR D'AMATO:
How much does the City reimburse you for the services you perform and what are the actual costs of such services?

MR. WAYS:
Funds for operation, maintenance and capital improvements of the Washington Aqueduct are provided in the Annual Appropriations for the District of Columbia, and come from the D.C. Water and Sewer Enterprise Fund. As expenditures occur, the Corps of Engineers draws funds from the D.C. Government to meet them. All revenues derived from the sale of water to D.C. consumers, to the Northern Virginia jurisdictions and to the Federal Government go into the Water and Sewer Enterprise Fund. During FY 1981 the O&M costs amounted to $11,061,000, and $3,604,000 was spent on Capital Improvements.

WASHINGTON CONVENTION CENTER

SENATOR D'AMATO:
The City Administration has asked for an increase in the Hotel Occupancy Tax to promote the Convention Center and Washington as a tourist attraction. Of the $1.9 million expected for this purpose the Convention and Visitors Association will receive $938,000. How will these funds be used and what is the Association's relationship to the center?

MR. DEMAREST:
The $938,000 directed toward the Washington Convention and Visitors Association for FY83 will be spent in an expanded Convention Sales Campaign to attract major national and international conventions to Washington D.C. and the Washington Convention Center. Further increased focus will be placed on a broad tourism program aimed at both the national and international visitor market.

The Association's relationship to the Convention Center can best be illustrated by referring you to the Washington, D.C. Convention Center Policy which states in part:

> Role of Washington Convention and Visitors Association
>
> "Under the Convention Center booking policy, the Washington Convention and Visitors Association (WCVA) is designated as the official sales organization for the Center. With the consent of the Convention Center Board of Directors, WCVA will have the exclusive right to reserve all of the Convention Center facilities for any event that will occur more than 18 months in the future. This policy also provides that the staff of the Center will work closely with the Convention and Visitors Association in developing promotional material, undertaking special marketing and sales efforts, and coordinating arrangements for the use of the Center by various groups."

Enclosed, as part of the response to QUESTION #1, please find a statement for the record, prepared by Mr. Maurice Cullinane, President of the Washington Convention and Visitors Association itemizing their 1983 programs. These programs reflect the increased funding for the Washington Convention and Visitors Association.

SENATOR D'AMATO:
The Mayor's Committee to Promote Washington will receive $703,000 for a more broad-based program. Tell us something about that program and what it will consist of.

MS. DURSO:
The Committee's FY83 budget is divided into two areas: (1) local community activities and, (2) market area media tourism awareness and development. The first part is aimed at supporting and encouraging civic pride and hospitality. As our budget shows, we will hold Hospitality Career Fairs in the D.C. Public Schools and provide two $5,000 scholarships to study at the Culinary Arts Program at Howard University. We will also encourage courtesy and provide information to those who work in the taxi industry by publishing a monthly newsletter providing valuable information on the location of new hotels, restaurants and conventions. In our FY83 budget we are providing funds to the Convention Center for the Grand Opening in the late Fall of 1982 and we will spend a portion of our money to help support neighborhood and ethnic festivals.

In our second area, market area media tourism awareness and development, we will continue the "Washington Is A Capital City" theme into a weekend promotional campaign. We intend to target regional markets and encourage them through trade publications, radio and television to visit Washington on what is generally a very slow time for the hospitality industry.

Attached is a copy of the Committee to Promote's FY83 budget.

SENATOR D'AMATO:
The Convention Center was expected to generate other development in the area. Is that happening to the extent anticipated?

MR. DEMAREST:
To the best of our knowledge, the planned development around the "footprint" of the Convention Center, remains in place. As indicated in the attached FY83 Convention Center Report, Tables III-1, III-2 and III-3 (p. 12-14), 40 separate developments have been committed which, according to the correspondence from the developers, have been substantially encouraged by the development of the Convention Center.

Attached is a copy of the Convention Center Report/FY/1983.

SENATOR D'AMATO:
The Convention Center will be completed late this year. Are there any contingencies that we should be aware of that would affect the schedule?

MR. DEMAREST:
Based on the latest information made available to us, the Convention Center construction timetable is unchanged. There are no contingencies that we are aware of that would affect the schedule.

SENATOR D'AMATO:
Once you have the doors open, what percentage of the time do you expect to have events in the building in 1983?

MR. DEMAREST:
At this time, we expect to have events in our building about 57% of the time in 1983. Please recognize that at this date events are still being booked for 1983 in the Convention Center, thus we are anticipating continued improvement relative to the percentage of time the facility will be used in 1983.

SENATOR D'AMATO:
When do you expect to be at full operation?

MR. DEMAREST:
Beginning with the first week of January, 1983 we will begin with our full calendar of events, so in that regard we shall be fully operable at that time.

Said another way, FY87 will be our "benchmark year"; the year which will have allowed us to develop a "track record" of three full years of operation and to develop meaningful market profiles on the variety of events being held in the Convention Center. FY87 is also the year that is projected for all major development around the "footprint" of the Convention Center to be completed. In short, FY87 will be the first year in which the "face" of the area will reflect the completion of the currently planned development.

SENATOR D'AMATO:
Your budget request this year includes $2.3 million for theater style seating, why is this required at this time?

MR. DEMAREST:
The budget request for $2.3 million for theater style seating is being made as part of the Center's FY83 budget request in order to

allow time to specify, order and install the seats. If the request is approved as part of the FY83 budget, the Convention Center would then have sufficient lead time to install the seats prior to the time the first event requiring this type of equipment is scheduled for the Center.

SENATOR D'AMATO:
How many of your conventions require this type of facility?

MR. DEMAREST:
At this writing, ten (10) major conventions that are booked for 1984-1985 in the Convention Center require this type of seating. These conventions range in size from 3,000 to 20,000 in attendance. The following groups have bookings at the Washington Convention Center which require assembly-type seating for more than 3,000 in 1984 and 1985:

1.	Baptist Fundamentalism '84	04/11-13/84	(20,000)
2.	National Education Association	06/29-07/04/84	(12-14,000)
3.	Church of God in Christ - UNAC	07/09-14/84	(12-15,000)
4.	Alpha Kappa Alpha Sorority	07/31-08/12/84	(8-10,000)
5.	Pentecostal Assemblies of the World	07/31-08/12/84	(6,000)
6.	Church of God (Tennessee)	08/13-18/84	(15,000)
7.	American College of Obstetricians and Gynecologists	05/12-16/85	(6,500)
8.	Women's International Convention	05/27-06/01/85	(6,000)
9.	American Baptist Association	06/16-21/85	(3,000)
10.	National Urban League	07/20-25/85	(6,000)

In addition to the above in 1984, 1985, the following groups already have bookings spread over the next five years -- 1986-1990 -- which have similar assembly-type seating requirements:

1. Communications Workers of America
2. National Rural Electric Cooperative
3. Kiwanis International
4. Society for the Preservation and Encouragement of Barber Shop Quartet Singing in America
5. Million Dollar Roundtable
6. American Association of Operating Room Nurses
7. American Business Women's Association

SENATOR D'AMATO:
Why is this request contained in the operating budget rather than the capital budget, especially since you expect to have some authority left over?

MR. DEMAREST:
The $98.7 million construction budget does not allow for the additional estimated cost of $2.3 million for portable theater style seats.

As we move into the final months of construction, it is not clear how much, if any, will be left over from the $98.7 million construction authority. Please recall that the Construction Budget is under the control of the Department of General Services for the District of Columbia.

SENATOR D'AMATO:
How much extra revenue would you receive from the food concessions by owning the kitchen equipment?

MR. DEMAREST:
Our revenue projections for food service, based on the food service operator owning the kitchen equipment is based on a flat 10% of gross food service revenue. For FY83 this is projected to generate approximately $200,000 net to the Convention Center based on gross sales of $2 million for food service, the Convention Center's net income would be approximately $600,000.

The estimated cost for food service equipment is currently placed at approximately $2.5 million.

SENATOR D'AMATO:
Is that not contained in your operating revenue estimates in the budget?

MR. DEMAREST:
Our revenue estimates for food service in the FY83 budget estimates reflect income based on 10% of gross food service revenue.

SENATOR D'AMATO:
It appears that your revenues will cover the costs of your staff. Is that by design?

MR. DEMAREST:
No. Direct revenue to the building vs. expenses is not the chief criteria by which the building will be evaluated. Though management will continue to strive to reduce the gap between income vs. expense, the Convention Center's principal objective is to generate new dollars into the community by:

(1) Hosting trade shows and conventions in the community that pump new dollars into our city -- dollars earned outside the District -- dollars that are spent here and roll over again and again during their life in this community -- dollars that are used to purchase needed goods and services in the community;

(2) Increasing the property tax base of land around the Convention Center by acting as a magnet for new development in that area; and finally,

(3) By generating new jobs by virtue of this development specifically in the various aspects of the hospitality industry, i.e., hotels, restaurants and retail.

SENATOR D'AMATO:
Do you foresee the opportunity in the future to cover some portion of building maintenance or routine capital expenditures from event revenues?

MR. DEMAREST:
Over a period of time it is anticipated that the ratio of building expenses to building revenues will continue to narrow. However, it must be recognized that as a rule Convention Centers around the country, specifically those Centers designed for trade shows and conventions, as opposed to multi-purpose facilities that play a variety of events, do not make a profit or break even, but rather serve as an economic stimulator, as outlined in QUESTION #6(a) above.

SENATOR D'AMATO:
Mr. Kenny and Mr. Linowes, you are representing a group that will sell Washington as well as the Convention Center. Could you briefly explain how the $1.6 million in tax revenues dedicated to the purpose will be used?

MR. KENNY:
Attached are detailed budget breakouts for FY83 for the Committee to Promote and the Washington Convention and Visitors Association.

Statement of Maurice Cullinane, President, Washington Convention and Visitors Association

MR. CHAIRMAN, MY NAME IS MAURICE CULLINANE AND, BY PROFESSION, I AM THE EXECUTIVE VICE PRESIDENT OF THE DISTRICT OF COLUMBIA BANKERS ASSOCIATION BUT I AM APPEARING HERE TODAY IN MY VOLUNTEER CAPACITY AS THE PRESIDENT OF THE WASHINGTON CONVENTION AND VISITORS ASSOCIATION. FOR THE PAST FIFTY-ONE YEARS, THIS ASSOCIATION HAS BEEN CHARGED WITH THE JOB OF SELLING WASHINGTON, D.C. TO THE WORLD AS A CONVENTION AND TOURIST DESTINATION FOR THE ECONOMIC BENEFITS THAT WOULD ACCRUE TO THIS CITY AND ITS BUSINESS COMMUNITY. OUR EFFORTS HAVE BEEN EXTREMELY SUCCESSFUL WITH THESE WELCOME VISITORS SPENDING LITERALLY BILLIONS OF DOLLARS AND PRODUCING HUNDREDS OF MILLIONS IN TAXES AND TENS OF THOUSANDS OF OUR CITIZENS ARE EMPLOYED IN ALL PHASES OF THE CITY'S VISITOR INDUSTRY.

AS WE GOT STARTED IN 1931, THERE WERE ONLY TWO OTHER CITIES ACTIVELY PROMOTING BOTH CONVENTION AND VISITOR MARKETS FOR THEIR COMMUNITY. IN ADDITION TO THOSE TWO, THERE WERE SOME TWENTY OTHER CITIES THAT WERE OPERATING CONVENTION BUREAUS TO SOLELY MARKET THEIR CITIES FOR CONVENTIONS. TODAY, OVER A HUNDRED AMERICAN CITIES AND DOZENS OF LOCATIONS IN CANADA, MEXICO AND EUROPE ARE AGGRESSIVELY SEEKING THE SAME VISITORS THAT WE ARE. NOT ONLY ARE THESE CITY CONVENTION AND VISITOR ORGANIZATIONS IN THE MARKET PLACE BUT THEIR EFFORTS ARE EXTREMELY WELL FUNDED WITH SUBSTANTIAL LOCAL TAX DOLLARS, SUCH AS THE $3 MILLION LOS ANGELES IS INVESTING, THE $2 MILLION BUDGET IN CHICAGO AND CLEVELAND, AND AS A FURTHER EXAMPLE, JUST THIS PAST MONTH, THE CITY OF SAN FRANCISCO CHANGED ITS HOTEL ROOM TAX STRUCTURE AND HAS ALLOCATED TWO AND A HALF MILLION DOLLARS TO THE SUPPORT OF THE SAN FRANCISCO CONVENTION AND VISITORS BUREAU. WE HAVE SUCCEEDED ON A SHOE-STRING BUDGET IN THE PAST BUT, TO GROW AND PROSPER IN THE FUTURE, NEW PROGRAMS AND MORE AGGRESSIVE EFFORTS WILL BE REQUIRED AND THIS MEANS IMPROVED FUNDING.

TOURISM HAS ALWAYS BEEN IMPORTANT TO OUR ECONOMY BUT, WITH THE RAPIDLY EXPANDING INVENTORY OF HOTEL ROOMS THAT WE CAN FORESEE IN THE NEAR FUTURE, IT TAKES ON A MUCH GREATER SIGNIFICANCE AND MUST BE CONSIDERABLY BROADENED TO DEVELOP THE ADDITIONAL VISITORS WE NEED. THE EXPANDED TOURISM DEVELOPMENT PROGRAM MUST BE A TWO PART ONE WITH THE DOMESTIC MARKET APPROACH BEING QUITE DIFFERENT FROM THE INTERNATIONAL MARKET. IN THE DOMESTIC MARKET, WE NEED TO DEVELOP A VERY SOPHISTICATED WEEKEND PACKAGE PROGRAM. IN CONJUNCTION WITH ALL OF THE TRANSPORTATION MECHANISMS, SUCH AS AIR CARRIERS, MOTOR COACH OPERATORS, RAIL AND AUTOMOBILE CLUBS AND THE MARKETING SERVICE ARM OF EACH, WE MUST DEVELOP AN INTENSIVE TEST MARKET PROMOTION IN A 300 TO 500 MILE RADIUS TO INCLUDE THE STATES OF MARYLAND, VIRGINIA, PENNSYLVANIA, OHIO AND NEW YORK PLUS MASSACHUSETTS. EACH OF THE CITIES IN THESE STATES WILL BE OUR PRIMARY

TARGETS. ALL PARTS OF THE LOCAL TOURISM AND HOSPITALITY INDUSTRY WILL BE APPROACHED AND, IN CONJUNCTION WITH THEM, DEVELOP AN INNOVATIVE SERIES OF PACKAGES FOR WEEKEND VISITORS WITH THESE PACKAGES PUT INTO ATTRACTIVE BROCHURES AND MANUALS FOR THE VARIOUS COMPONENTS. ONCE THESE PROGRAMS ARE READY, WE WILL HAVE DEVELOPED FAMILIARIZATION TOURS FOR TRAVEL JOURNALISTS WHO SERVICE THESE MARKETS AND INTRODUCE THEM TO SAMPLES OF THESE WEEKEND PACKAGES. WE WILL SCHEDULE PRESS TOURS TO THE AREAS BEING TARGETTED COMPLETE WITH INFORMATIVE, EXCITING PRESS KITS. THE MOTOR COACH OPERATORS AND TOUR BROKERS WILL NOT BE FORGOTTEN AND FAMILIARIZATION TOURS WILL BE DEVELOPED FOR THEIR PEOPLE ALSO. HOPEFULLY WE WILL BE ABLE TO DEVELOP COOPERATIVE ADVERTISING WITH ALL SEGMENTS OF THE TRAVEL/TRADE PUBLICATIONS AND GAIN BOTH FROM ITS IMPACT IN ADDITION TO EXPANDED EDITORIAL COVERAGE.

THE SECOND PART OF OUR DOMESTIC PROGRAM WOULD CENTER ON THE TRAVEL AGENT AND, SINCE THE AGENT REQUIRES MORE EXTENSIVE AND LONGER TRIPS IN ORDER TO MAKE IT PROFITABLE FOR HIM TO PROMOTE A DESTINATION SUCH AS WASHINGTON, WE WILL TARGET THE HIGH POPULATION AREAS OF THE WEST COAST FOR THIS AGENT SALES EFFORT. OUR TARGET AREAS WOULD BE PORTLAND, SEATTLE, SAN FRANCISCO, LOS ANGELES AND SAN DIEGO AND THESE PROGRAMS WOULD BE PUT TOGETHER IN CONJUNCTION WITH THE MAJOR AIR CARRIERS THAT SERVE BOTH WASHINGTON AND THOSE CITIES. IT IS ANTICIPATED THAT WE WOULD SPEND ONE TO TWO DAYS IN EACH OF THESE CITIES IN OUR INITIAL EFFORT MEETING WITH THEIR PRESS AND PUTTING ON MINI-SUPPLIER TRADE SHOWS FOR ALL OF THE AGENCY PERSONNEL IN EACH COMMUNITY. FOLLOW UP EFFORTS WOULD THEN BE MADE BY OUR VARIOUS PROMOTIONAL MATERIALS AGAIN IN COORDINATION WITH THE AIR CARRIERS SERVING THE AREA.

THE INTERNATIONAL MARKET REQUIRES A SOMEWHAT DIFFERENT APPROACH. IN THE BEGINNING, WE WOULD BE LOOKING AT THE MAJOR MARKETS OF CANADA, MEXICO, THE UNITED KINGDOM, NORTHERN EUROPE AND, IF AT ALL POSSIBLE, JAPAN. AS THE EFFORT GROWS, WE WOULD BE LOOKING AT THE EXPANDED MARKETS OF HONG KONG, INDONESIA, SINGAPORE, AUSTRALIA AND NEW ZEALAND AND SEGMENTS OF CENTRAL AND SOUTH AMERICA. TWICE A YEAR, WE WOULD GO TO NEW YORK AND CALL ON THE 25 MAJOR WHOLESALERS HEADQUARTERED THERE WHO HANDLE A SUBSTANTIAL SHARE OF IN-BOUND INTERNATIONAL TOURISM BUSINESS. TO BOLSTER THESE EFFORTS, TRADE MISSIONS WOULD HAVE TO BE SCHEDULED INTO THE FOUR KEY INTERNATIONAL TARGET MARKETS AND SPECIAL PRESENTATIONS MADE TO ALL SEGMENTS OF THE TRAVEL MARKET BUT PRINCIPALLY DIRECTED TOWARD THE WHOLESALER, THE LARGE VOLUME RETAIL PRODUCER, AND THE TRAVEL/TRADE PRESS. IN SUPPORT OF ALL OF THESE EFFORTS, OUR PRESENTATION AT TRAVEL/TRADE SHOWS WOULD BE GREATLY EXPANDED. PARTICIPATION IN SUCH THINGS AS THE ONTARIO MOTOR COACH MARKETPLACE IN CANADA, THE WORLD TRAVEL MARKET IN LONDON, THE TWO VACATION TRAVEL EXPOSITIONS IN MEXICO, THE I.T.B. IN BERLIN AND, OF COURSE, THE INTERNATIONAL POW WOW SPONSORED BY THE TRAVEL INDUSTRY OF AMERICA WOULD BE REQUIRED.

ALL OF THIS WOULD BE SUPPORTED WITH FAMILIARIZATION TOURS FROM PERSONS IN THE SELECTED MARKETS THAT WOULD BE SUPPORTED BY THE AIR CARRIERS SERVING THESE AREAS.

A CONSIDERABLE NUMBER OF MARKETING PROMOTIONAL MATERIALS WOULD BE REQUIRED TO ROUND OUT THE PROGRAMS OUTLINED. FIRST OF ALL, WE WOULD NEED A GENERAL INFORMATION BROCHURE PRODUCED IN AT LEAST FOUR LANGUAGES -- FRENCH, GERMAN, SPANISH, JAPANESE -- WITH THE POSSIBLE ADDITION OF ONE OTHER. TO SUPPORT THE DISTRIBUTION OF THIS BROCHURE, PRESS KITS FOR THE TRAVEL/TRADE WOULD BE NEEDED WITH APPROPRIATE TRANSLATIONS. FOR BOTH THE DOMESTIC AND INTERNATIONAL OPERATOR, BROCHURE SHELLS DEPICTING ATTRACTIVE WASHINGTON SCENES IN FOUR-COLOR WITH THE INSIDE AVAILABLE FOR THE INDIVIDUAL WHOLESALER/RETAILER'S PACKAGE ARE NECESSARY FOR WIDE DISTRIBUTION. WE HAD PREVIOUSLY MENTIONED THAT WE MUST PRODUCE A VERY EXTENSIVE WEEKEND PACKAGE BROCHURE AND A SPECIAL MANUAL FOR THOSE REQUIRING IT TO ASSIST IN THEIR MARKETING PACKAGE. THE LAST TOURISM PROMOTION FILM THAT WAS DEVELOPED ON WASHINGTON WAS PRODUCED OVER TEN YEARS AGO AND A HARD-HITTING, SHORT 8 TO 10 MINUTE FILM ON WASHINGTON'S MANY ATTRACTIONS AND VARIETY OF ACTIVITIES IS BADLY NEEDED. IN ADDITION, A HARD-HITTING SLIDE SHOW SHOULD BE DEVELOPED WITH PROFESSIONAL NARRATION AND, IF AT ALL POSSIBLE, THE NARRATION SHOULD BE CARRIED IN SEVERAL LANGUAGES. SO THAT THE MARKET CAN BE ACCURATELY JUDGED AND NEW MARKETS IDENTIFIED, SOME MARKET RESEARCH SHOULD ALSO BE PLANNED WITH THE EMPHASIS BEING ON HOTEL AND ATTRACTION SURVEYS AND VISITOR ATTITUDE ASSESSMENTS MADE ON A REGULAR BASIS. A MINIMUM OF $450,000 WOULD BE REQUIRED TO CARRY OUT A PROGRAM OF THIS DEPTH AND IT MUST ALSO BE APPROACHED WITH A GREATLY EXPANDED EFFORT TO COUNTERACT THE STRONG COMPETITION THAT IS RAPIDLY DEVELOPING.

OUR CONVENTION PROGRAM HAS ALWAYS BEEN A VERY SUCCESSFUL ONE BUT IN RECENT YEARS OUR ABILITY TO COMPETE HAS BEEN EXTREMELY LIMITED DUE TO THE LACK OF A CONVENTION CENTER. FORTUNATELY, TWO YEARS AGO, GROUND WAS BROKEN FOR THE WASHINGTON CONVENTION CENTER AND FROM ITS INCEPTION, OBVIOUSLY, WE HAVE BEEN AN ADVOCATE AND STRONG SUPPORTER OF IT AND WE HAVE BEEN CHARGED WITH MARKETING THE CENTER TO NATIONAL CONVENTIONS. DURING THIS PAST YEAR, WE HAVE EXPANDED OUR SALES STAFF FOR THE CENTER AND CARRIED OUT A BROAD-BASED MARKET PROGRAM CONSISTING OF ADVERTISING IN SPECIFIC TRADE JOURNALS, PARTICIPATING IN SPECIAL CONVENTIONS AND EXPOSITIONS WHERE THE CUSTOMERS GATHER, DEVELOPING A SOPHISTICATED AUDIO VISUAL PRESENTATION, SPONSORING SPECIAL FUNCTIONS FOR CUSTOMERS IN VARIOUS CITIES AROUND THE COUNTRY TO LET THEM SEE THE AUDIO VISUAL PRESENTATION, DEVELOPING A 16-PAGE, FOUR-COLOR BROCHURE WITH ALL OF THE CENTER'S FEATURES, USING ADVERTISING SPECIALTIES FOR SEVERAL MAILINGS TO THE CUSTOMER LIST AND FOLLOWED ALL OF THIS UP WITH DIRECT CONTACT BY OUR SALES STAFF TO DO THAT ALL IMPORTANT FUNCTION OF ASKING FOR THE SALE. THE EFFORTS HAVE BEEN VERY SUCCESSFUL WITH OVER FIFTY CONVENTIONS TODAY BEING DEFINITELY SCHEDULED

INTO THE CENTER AND OVER A HUNDRED OTHERS HOLDING TENTATIVE RESERVATIONS WHICH WILL, HOPEFULLY, BE CONFIRMED IN THE FUTURE. THE CONVENTION CENTER WILL BE COMING ON LINE VERY SOON AND, BY CONTINUING THE STRONG MARKET PROGRAM, WE SHOULD HAVE THE SUCCESS THAT WE HAD ANTICIPATED BUT WE CANNOT IGNORE THE FACT THAT OTHER MAJOR CITIES ARE COMING ON LINE WITH CENTERS THAT ARE LOOKING FOR THE SAME CUSTOMER THAT WE ARE. NEW YORK'S CONVENTION CENTER IS NOW UNDER CONSTRUCTION. ATLANTIC CITY IS IN THE FEASIBILITY STAGE OF LOOKING AT A MAJOR EXPANSION. ATLANTA WILL SOON GET UNDERWAY WITH AN EXPANSION THAT WILL DOUBLE THE SIZE OF THE EXISTING, SUCCESSFUL CENTER AND NEW ORLEANS BROKE GROUND SOME MOTHS AGO FOR ONE THAT WILL BE READY TO SERVE THE CONVENTION PUBLIC IN 1985. JUST THIS PAST DECEMBER, THE CITY OF SAN FRANCISCO OPENED THEIR CONVENTION CENTER AND, UNDOUBTEDLY, THERE ARE MORE CENTERS ON THE WAY. IN ORDER TO SUCCESSFULLY COMPETE, TWO THINGS MUST ALWAYS BE DONE. FIRST, AGGRESSIVE SALES MUST BE CONTINUED AND EXPANDED AND, SECONDLY, WE MUST HAVE THE ABILITY TO PROPERLY SERVICE THE MEETINGS ONCE THEY ARE SCHEDULED IN WASHINGTON SO THAT THEY WILL HAVE THE OBVIOUS DESIRE TO RETURN ONCE AGAIN. THERE ARE NOT ENOUGH CUSTOMERS TO BEGIN TO PROPERLY UTILIZE THE HALL IF WE ONLY BOOK EACH ONE OF THEM ONCE. IT IS ESSENTIAL THAT EACH ONE RETURNS ON A ROTATING SCHEDULE OF SOMETHING APPROXIMATING EVERY FOUR TO SIX YEARS. FROM THE SALES STANDPOINT, AN ADDITIONAL SALES PERSON COULD BE UTILIZED TO INCREASE THE NUMBER OF CONTACTS WE ARE MAKING WITH POTENTIAL USERS. TO GO ALONG WITH THIS PERSON, OF COURSE, WE WOULD NEED THE NECESSARY SECRETARIAL BACK-UP. THIS ADDITIONAL STAFF PLUS THE EXISTING STAFF SHOULD SPEND ADDITIONAL TIME ON THE ROAD IN THE PRINCIPAL CITIES WHERE ASSOCIATION EXECUTIVES ARE LOCATED, SUCH AS NEW YORK, CHICAGO, AND WASHINGTON. A GENERAL RECEPTION SHOULD BE HELD EACH YEAR TO REMIND ALL POTENTIAL CONVENTION CUSTOMERS OF WASHINGTON'S DESIRE TO BE THEIR HOST. WITHIN THE PAST FEW WEEKS, OVER 25 CITIES HAVE BEEN IN WASHINGTON WITH SUCH FUNCTIONS REMINDING THESE CUSTOMERS OF THE MANY VENUES THERE ARE THROUGHOUT THE COUNTRY AND THE WORLD TO HOLD THEIR MEETINGS. WASHINGTON HAS MANY NATURAL ADVANTAGES BUT WE MUST CONSTANTLY REMIND THESE FOLKS THAT WE WANT THEIR BUSINESS. OUR DIRECT MAIL ADVERTISING OF THE CONVENTION CENTER WITH ADVERTISING SPECIALTIES HAS PROVEN PARTICULARLY EFFECTIVE AND WE WOULD ANTICIPATE BEING ABLE TO REPEAT SOMETHING LIKE THIS ONCE EVERY FOUR TO SIX MONTHS. WE SHOULD BE REGULARLY UPDATING THE AUDIO VISUAL SHOW WE HAVE PREPARED AND MAKING THOSE CHANGES IN THE CONVENTION CENTER BROCHURE THAT WILL BE NECESSARY.

IN THE FIELD OF SERVICE, IT IS NOW ESSENTIAL THAT THE STAFF CONTAIN A CONVENTION SERVICES MANAGER. MANY YEARS AGO, EACH HOTEL DISCOVERED THIS WAS THE ONLY METHOD BY WHICH THEY COULD GUARANTEE THEIR CUSTOMER PERSONAL SERVICE AND, AT THE SAME TIME, FREE THE SALES STAFF FOR THE JOB THEY SHOULD BE DOING RATHER THAN THE SERVICING

OF THE CLIENT. SINCE OUR ORGANIZATION WILL BE DOING THE HOUSING FOR THE MAJORITY OF THE GROUPS BOOKED INTO THE CONVENTION CENTER AND PROVIDING ALL OF THE REGISTRATION PERSONNEL AND EQUIPMENT FOR THEIR BADGE TYPING, REGISTRATION PACKET HANDLING, AND CASHIER SERVICES, LARGE AMOUNTS OF TIME WILL BE NECESSARY TO BE DEVOTED TO EACH CLIENT AND THE SERVICE MUST BE RIGHT. THE ONLY OTHER ADDITIONAL STAFF WOULD BE TO ADD ONE FULL-TIME HOUSING CLERK SINCE THE VOLUME OF HOUSING, PROBABLY BY FISCAL YEAR 1983, WILL ALMOST DOUBLE FROM ITS PRESENT LEVEL AND ONE PERSON WILL NO LONGER BE ABLE TO KEEP UP. IT IS ESSENTIAL THAT REQUESTS FOR HOTEL RESERVATIONS BE HANDLED WITHIN 48 HOURS OF RECEIPT IN ORDER TO PROPERLY SERVICE THE GUEST. THE TOTAL COST FOR THIS PROGRAM WOULD BE $225,000.

THE PROGRAMS THAT HAVE BEEN OUTLINED HERE TODAY ARE THE ONES THAT WE LOOK TO ADD TO OUR CURRENT SALES EFFORT IN THE YEAR AHEAD. WE ARE ALREADY HEAVILY INVOLVED IN THE CONVENTION MARKET AS WE DISCUSSED AND OUR TOURISM EFFORTS HAVE SEVERAL ON-GOING PROGRAMS. WE DISTRIBUTE OVER A MILLION BROCHURES A YEAR TO TOUR WHOLESALERS, TRAVEL AGENTS, TOUR BROKERS AND THE GENERAL PUBLIC. WE EXHIBIT AT AND ATTEND THE SPECIALIZED TOURISM CONVENTIONS, SUCH AS THE TRAVEL INDUSTRY ASSOCIATION'S TRAVEL MART, NATIONAL TOUR BROKERS ASSOCIATION, AMERICAN BUS ASSOCIATION, AND THE WORLD TRAVEL MART IN LONDON. WE PARTICIPATE IN DOZENS OF FAMILIARIZATION TOURS WITH AIR CARRIERS AND WHOLESALERS, PRODUCE CALENDARS OF EVENTS AND OTHER MATERIALS ON THE CITY, AND ANSWER A QUARTER OF A MILLION MAIL, TELEPHONE AND PERSONAL INQUIRIES FOR THE GENERAL PUBLIC. THIS PAST YEAR, WE HAVE ALSO INAUGURATED THE PROGRAM OF THE HOSPITALITY SERVICE AWARDS HONORING THE PEOPLE WORKING IN OUR TOURISM COMMUNITY FOR THEIR OUTSTANDING SERVICE TO THE PUBLIC.

WE APPRECIATE YOUR LISTENING TO US TODAY AND WE LOOK FORWARD TO MOVING AHEAD IN FISCAL YEAR 1983 WITH THESE EXPANDED PROGRAMS. IF YOU HAVE ANY QUESTIONS, WE WOULD BE MORE THAN HAPPY TO TRY TO ANSWER THEM.

WASHINGTON CONVENTION AND VISITORS ASSOCIATION

ADDITIONAL PROGRAM COST SUMMARY

Marketing and Promotional Materials - Tourism

1.	Weekend Package Brochure/Manual	$ 20,000
2.	Foreign Language/General Information Brochure in Five Languages	55,000
3.	Press Kits with Translations	10,000
4.	Tourism Promotion Film 8-10 minutes	25,000
5.	Slide Show with Language Translations	20,000
6.	Brochure Shells for Domestic & International Markets	50,000
	Subtotal:	$180,000

General Tourism

1.	Weekend Package Development, Promotion and Media Saturation	$ 50,000
2.	West Coast Blitz with Costs Shared by Suppliers and Carriers	20,000
3.	Agent and Writer Familiarization Tours 5 @ $4,000 each	20,000
4.	Travel Trade Show Participation Domestic and International	40,000
5.	Press Tours/Wholesaler Blitz - New York	15,000
6.	Market Research - Annual/Quarterly Research for visitor attitude, point of origin and service assessment	30,000
7.	Additional Personnel and Fringes required to carry out above	60,000
	Subtotal:	$235,000

Convention Center Marketing and Service Costs

1.	General Receptions in Chicago and Washington for Association Executives	$ 50,000
2.	Additional Advertising and Direct Mail Specialties	40,000
3.	Additional Sales and Service Personnel to carry out full range of housing, registration, brochures, etc.	60,000
4.	Brochures and Audio Visual Materials	50,000
5.	Travel Costs for Presentations and Personal Contact Sales Trips to Association Centers	25,000
	Subtotal:	$225,000

Expanded Tourism Programs	$415,000
Expanded Convention Sales Programs	225,000
Existing Programs	298,000
TOTAL:	$938,000

MAYOR'S COMMITTEE TO PROMOTE
BUDGET BREAKDOWN
FY 83

LOCAL COMMUNITY ACTIVITIES

1. School Career and Awareness Presentation

Purpose: To educate Washington youth to the opportunities available in the hospitality industry.

Plan: Hold two Hospitality Career Fairs in the D.C. Public School system incorporating representatives from all sections of the hospitality industry. Also provide assistance to the Culinary Arts Program at Howard University which is being sponsored by the Hotel Association and the Private Industry Council. In conjunction with this program, grant two $5,000 a year scholarships to worthy D.C. high school seniors to study at the institute.

$25,000

2. Employee and Taxi Driver Awareness

Purpose: To develop a spirit of pride, encourage courtesy and provide information to the taxi industry.

Plan: Publish a monthly newsletter for distribution with pay vouchers. Newsletter to feature location of upcoming conventions, description of new hotels and restaurants, and other valuable information such as changes in street patterns or museum hours. If budget permits, a cab driver of the month with monetary award.

$75,000

3. Citizen preview opening of the Convention Center

Purpose: To encourage local pride in the completion of the Convention Center

Plan: Work with the Convention and Visitors Associaton staff and the Convention Center staff and Board to coordinate a full week of events ensuring that there will be adequate opportunities for citizens of the District to view the Center.

$65,000

4. Neighborhood Pride Development Program

Purpose: To encourage neighborhood identity through neighborhood and ethnic festivals

Plan: The Committee to Promote will accept and seek proposals from various neighborhood and ethnic groups to provide Committee support and financial assistance for neighborhood/ethnic festivals such as: Adams Morgan Day, Chinese New Year parade, Anacostia Day, Southwest Waterfront Festival and others.

$55,000

MARKET AREA MEDIA TOURISM AWARENESS AND DEVELOPMENT

1. Theme Development Advertising of "Washington is a Capital City" to reinforce weekend programs

Purpose: To continue the Washington is a Capital City" campaign and to expand this theme into weekend promotion

Plan: Using trade publications, newspaper advertising and limited TV and radio, continue to reinforce the "Washington is a Capital City" theme on a regional basis to potential weekend customers.

$150,000

2. Cooperative support of "Weekend in the Capital City" Campaign with the Washington Convention and Visitors Association

Purpose: To have an effective "Weekend in the Capital City" promotional campaign to attract new visitors to the City for weekends, which are traditionally low occupancy times for the hotels.

Plan: Provide cooperative support to the Washington Convention and Visitor's Association for advertising in trade publications, newspapers, radio and travel agencies to promote the District of Columbia for weekend visitation.

$300,000

SUMMARY

Local Community Activities	$220,000
Market Area Media Tourism Awareness and Development	450,000
Administrative Costs	33,000
TOTAL	$703,000

SUBCOMMITTEE RECESS

Senator D'AMATO. This subcommittee stands in recess.

[Whereupon, at 12:30 p.m., June 17, the subcommittee was recessed, to reconvene at 10:30 a.m., June 23.]

DISTRICT OF COLUMBIA APPROPRIATIONS FOR FISCAL YEAR 1983

WEDNESDAY, JUNE 23, 1982

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 10:30 a.m. in room 1224, Everett McKinley Dirksen Senate Office Building, Hon. Alfonse M. D'Amato (chairman) presiding.

Present: Senator D'Amato.

DISTRICT OF COLUMBIA

OFFICE OF THE MAYOR

STATEMENT OF MARION BARRY, JR., MAYOR

ACCOMPANIED BY ARRINGTON DIXON, CHAIRMAN, COUNCIL OF THE DISTRICT OF COLUMBIA

SUBCOMMITTEE PROCEDURE

Senator D'AMATO. Good morning. I apologize for the noise in the building today. I apologize to the witnesses and to the Mayor and to Council Chairman Dixon for starting this so late. We just concluded a vote, though, and it's good to see you here on this beautiful day that we have. Were we to have a weekend like this, two weekends in a row, it would probably be too much to hope for, with this beautiful weather.

CONGRATULATIONS ON FISCAL YEAR 1981 SURPLUS

We will come to order and it's a pleasure to welcome Mayor Barry and Chairman Dixon. Mr. Mayor, since we last met the city had some good news. I am always surprised when people almost bemoan the fact that the city closed the year 1981 with a surplus. That is, I would consider, to be a welcome surprise. Generally we find municipalities and States in this day and age winding up with record deficits and so I would like to commend the administration in the light of very difficult times for its ending the year with a surplus of $68 million. That surplus reduces the deficit which then obviously reduces the drain on interest on the debt that must be financed.

If you were to have ended the year as anticipated and not having reduced the deficit by $68 million, if your cost of money is just 10 percent and obviously it's not, that means that you would have been using about $7 million a year more of your resources just to pay interest on the debt, and I believe that there has not been any attention focused on that very positive aspect.

The fact of the matter is, it would probably be about $8 million or $9 million that you have saved in the forthcoming year that would have otherwise had to be allocated for additional interest on the debt. I think people should be aware of that, and I think, given the position that you're in, it should be a continued goal to, hopefully, improve surpluses and move into the area where that debt is continually whittled down and eliminated. This is a rather difficult thing to do given budget constraints, given the constant demands for services, and given the competition for the dollar.

There will be those critics who say, well, you should have funded this program and the other program, an *x* program and a *y* program. That's easy, to come in and ask for those kinds of things. It's a rather difficult kind of thing to appropriately measure the city's responses and resources.

I say this because I think that not enough credit has been given to the administration and you and I have had our differences, and we'll continue to have those differences at various junctures. But let me say this to you: There is no criticism from this committee in relationship to that surplus and the husbanding of resources and the diminishing of that debt so that you can be more vibrant as you face—the city can be more vibrant as you face—many, many dramatic challenges, and they are going to be there.

So, with that, Mr. Mayor and Mr. Dixon, if you'd like to proceed, we'd be interested in hearing you.

OPENING STATEMENT OF MAYOR BARRY

Mayor BARRY. Mr. Chairman, I'm very pleased to have the opportunity to discuss with you today the District's 1983 appropriated budget, and I really appreciate that fine analysis you just gave. Part of the difficulty that we had was how do you explain good news. It was characterized almost as bad news by some members of the community as opposed to the fact that we had collected revenue over what we had estimated and that we had ended the year $7.7 million below our authorized budget amount. Again, it demonstrated our comprehensive approach to financial management. Surely you know in 1980 we could not have made that kind of statement. So, I appreciate that analysis.

I think the community is now beginning to understand the complexities of our budget, the fact that we're no longer a part of the Federal system, that we are to be viewed as any other city, county, or State would be viewed. So, we think it's good news.

We also would like to thank you for the fine cooperation we've had with the committee. We've had our differences here and there about some things but they are not that fundamental in the sense that we have not been cooperative. We recognize the complexity of our budget and the complexity of our city. Again, I think it's because you've had experience in a large urban area of over 800,000 people, and we are very appreciative of that.

When I'm in New York on the 8th of July raising some money for my campaign, I hope that you New Yorkers might help me out.

Senator D'AMATO. Wait a minute. You're going to take the resources of my State?

Mayor BARRY. Oh, yes.

Senator D'AMATO. You're going to take the precious resource of campaign dollars out?

Mayor BARRY. Well, I have some friends there so I'm going to say some good things up there about our public servants.

Senator D'AMATO. Will you share that list with me?

Mayor BARRY. Those Democrats may be persuaded to share it.

But, seriously, Mr. Chairman, you have been an outstanding chairman and have understood the District's problems. I do not mean you have not been critical necessarily. We appreciate that.

The 1981 budget was balanced as well as having a revenue surplus.

I can also say, Mr. Chairman, we are on track for fiscal year 1982, as you know from these monthly reports. Our revenues have been down in some areas, particularly our sales taxes and some other areas. But our overall revenues are still up. I think the last report indicated that we were about $3 million over our estimates. We are going strong in regards to our economy and our budget. The departments are staying within their means.

Again, this wouldn't have happened some 2 years ago. The staff didn't worry too much about whether they went over or under and we now have every manager understanding they can't do it. So, again, your leadership and the leadership of myself and the Chairman of the Council have contributed to that.

Mr. Chairman, you have most of the information about our budget from our people up here. So, I'm not going to go into all of the detail of the budget, but let me just say that we have described this budget, the 1983 budget, as a people budget; people budget in the sense that even though we've been able to balance our budget without any major tax increases and even though we've been able to close the gap between our general fund deficit where that existed in the past, we still have been able to carry on our job programs, because jobs are so critical.

SUMMER JOBS PROGRAM

Le me also say, Mr. Chairman, that Monday was the first day of our summer jobs program. There were 20,000 jobs, and—with a few minor problems here and there—you have not read anything or heard anything that has gone wrong. It has gone very well. The workers are under good supervision and we're working to make sure on our first payday that everything is going right.

Senator D'AMATO. Mayor, on that jobs program, how much of that comes from private initiative? In other words, nonrelated to the Government payroll? How much does come from the Government sector?

Mayor BARRY. Very little. We've been very disappointed in the private sector.

Senator D'AMATO. Is that right?

Mayor BARRY. We have about 18,000 businesses in the District of Columbia and in terms of unsubsidized jobs we think it's probably less than a thousand. I had breakfast Tuesday, a week ago, with about 150 leading business people trying to get them involved more and, quite frankly, a significant number of them are experiencing very serious financial problems themselves. My plea to them, though, was that $600 for a youngster is worth it in terms of what social costs we may have to pay later.

But we've been disappointed in the strictly private sector.

On the other hand, the nonprofit private sector has been outstanding in coming forward with supervisors and taking the youngsters that we pay the salary for. We require a number of people to supervise the youngsters. The nonprofit private sector has been outstanding in taking people from the community and placing them into jobs such as in the hospitals. All the hospitals have been great in this regard, giving young people opportunities who are interested in going into medicine.

Senator D'AMATO. So that's an area, though, the private sector area, in which you acknowledge you need greater participation?

Mayor BARRY. The nonprofit private sector area has been very, very responsive. But private profit areas have not been very responsive. Not to say that some of our leading businesses have not participated. What we've tried to do, though, is to say to the law firms, the accounting firms, and the architectural firms, that if they just took one youngster that would be another 12,000 or 13,000 people put to work.

The 20,000 I spoke of, with the exception of about a thousand, are strictly financed by the public sector.

ESTABLISHING TASK FORCE ON PREVENTIVE DETENTION

Senator D'AMATO. While we're on that area, Mr. Mayor, let me say to you that last week we had the opportunity of having some testimony from the Commissioner of Police and rather disturbing news in terms of the incidence of drug deaths and overdoses, which he perceives to be on the increase. His testimony was reminiscent of some of the bad times that we had nationwide and particularly in the metropolitan areas, the cities, the urban centers, in regard to what then transpires. It is not only the tragedy of that person who becomes addicted and trapped and his or her family, but the cost in terms of society and, in particular, in regard to crime.

I was very much encouraged by the Commissioner's testimony or the Chief of Police's testimony in terms of the program dealing with recidivism. They are actively monitoring some 1,000 people who show a pattern of crime and have been working at following them up and are getting results.

However, the Chief made a point and a good point that we'll get someone who holds up a supermarket and that person will be bailed out and put on the street, in many cases, before the arresting officer has signed off his tour of duty. Once that person has committed that crime he then knows that he's not going to get any more time for 2, 3, 4, 5, 6, 7, 8, or 10 more. He may or may not even be apprehended because when the final judgment day comes, if it ever does come, there is that situation where he is going to probably wind up plea bargaining or even if he goes through a trial it will not be on the 10 outstanding charges and they will be reduced down to 1 and satisfaction, and he will not get consecutive sentences. He's not going to get, let's say, 7 years for each armed robbery so that he'll be behind bars for 70 years, but rather, maybe 7 years for all of these, to run concurrently.

So, consequently, there is no retarding effect. If anything, he says, "I'm in trouble now." If he hits the road and leaves the area that's one thing but if he stays in the area he's just going to go out and commit more crimes, No. 1, to keep him out, to pay for his lawyer, and in most cases, to pay for his habit.

I had to be impressed with the straightforwardness in which the Chief testified. That is not a problem, by the way, which is unique to Washington, D.C. It's that same kind of problem that exists in many of our large, urban centers throughout this Nation.

Now, we can do a number of things. We can either bemoan the problem or perhaps blame it on the courts, blame it on the judicial process, blame it on the lack of resources, or do something.

I think if this continues, even if we were to double the police force, it doesn't mean a darned thing. We'll arrest a lot more people and we'll bail out a lot more people and they'll go out and maybe even commit more crimes because now they've got to pay the lawyer as well as keep up their habit, and it's a revolving door system.

You pick them up and they're right back out. And, by the way, once people find out how easy it is to come through that system with little, if anything, the first time and they may be out on the street for God knows how long, it may even be an inducement for them to continue.

Now, I think we have a very special relationship, the Congress of the United States, and maybe we have not provided the kind of leadership and partnership that should be prevalent. I don't think it's enough for us to yell, as we do, "Get the police up to 3,800, and you didn't hire enough," and so forth. I think we want additional detectives who will be and can be utilized for the prevention and followthrough on those problems and to work on that recidivist, and to make that program that you started even more effective.

CONTACT WITH JUSTICE DEPARTMENT AND U.S. ATTORNEY

But I have already made initial contact with the Justice Department, the U.S. Attorney's Office here in Washington, and I believe that preventative detention should be an absolute hallmark, and if the U.S. Attorney has to get more attorneys in terms of having a hearing within 24 hours after a person is incarcerated, if we have to develop more resources for that, then we must do it.

I know you've set up your task force and what I'm talking about is putting together a team and an effort to concentrate on this problem of preventative detention. We've got the law. There may have to be some amendments. But this process can't wait. And the citizens of the District, the visitors to the District of Columbia, the business community, and the Hill itself, all have a vital stake in seeing to it that we act expeditiously.

The summer is here and the problems and the incidence will be compounded. I think that if people know that they are not going to get away and commit a crime and be out on the streets, continuing this ravaging of society, and that's what it is, diminishing the quality of life that a lot of good people worked for to achieve, we can make a turnaround.

I will be speaking with the U.S. Attorney's Office in furtherance of this goal. I have spoken to your Police Commissioner and indicated to him and your Superintendent of Schools as well, that we would like to work jointly, and I say to you that given these problems, I think that we can make a dramatic turnaround.

Now, we've had too many study commissions nationwide in cities, in areas. We've had too many task forces that are going to give us the big solution and then at the end they come in with a report and the report says, "Well, we don't have enough of this and that and the other thing."

I'm going to tell you, in my opinion, if we get somebody who has 13 arrests, or 12 arrests, or 10 arrests, and 3 convictions, you'd better well be able to prove, and that should be a rather simple matter to prove, that that person is dangerous and that we should retain them.

It doesn't bother me that if he or she has to be tried within 60 days thereafter, then let's see to it that we do that, that we try them 60 days thereafter, and if the U.S. Attorney's Office needs some more in the way of personnel, then they have to get the personnel, and so this is not just a problem of saying to you, go out and get more police, that's not the answer.

That, in and of itself, is not the answer, not if you are going to arrest them and release them, and that's what is taking place.

So, I would hope that you'd welcome this initiative. I'd like to see us make a turnaround so that when we go into July and August and people look back at those figures they notice an improvement.

If you get 50, 60, 70, 80, 90, or 100 of these characters off the streets, and they're not nice people, I think you are going to see a tremendous turnaround in terms of safety and the quality of life and in terms of the number of robberies and what not that are committed, because relatively there are a handful who commit so many crimes. We had an incident in New York, I share this with you. They figured one person accounted for something like 5 or 6 or maybe 10 percent of all the subway crime, the purse snatching, in New York. Can you believe that? One guy would commit a hundred of these a month. That is incredible.

SETTING UP MEETING THIS WEEK

So, I am hoping that we can have a meeting this week, maybe even a preliminary meeting this Friday. I will make a special effort to stay in town. I think Congress will be, or the Senate, will be out of session. But I think it's that important that we should have a preliminary meeting, you and I, and some of the people at the Justice Department. I know Senator Stephens is very much concerned in this regard, Senator Leahy shares a concern. I think this is something that it's not enough just to talk about why you don't hire more police. We've got to give you the support and the help too, from our side, and I think together, in terms of the court, the prosecutors, the police, and the U.S. Attorney's Office, that we can make a very real difference, and I'm going to commit myself to this course of action.

I wonder what your response is. I hope we're going to get some real personal participation in this.

LONG-RANGE SOLUTION

Mayor BARRY. Mr. Chairman, let me say that the felon who's been in detention is certainly one aspect of it that's on the books now that the U.S. attorney can use and, quite frankly, it's not used enough.

I think the long-term solutions will probably have to be some change in format for bail-setting. I support that approach too. I support an amendment to the bail-setting format which makes danger to the community a factor. I really think it's a disservice to the community when you find someone who has committed seven, eight, or nine different criminal offenses.

Senator D'AMATO. Mr. Mayor, I understand that and I'm not opposed to those as longer-range situations. But what I'd like to be able to do is make this a summer program where we can attempt to reprogram some moneys, maybe even get some additional moneys, both through the U.S. Attorney's Office and here, in pursuance of what I've suggested. If we've got to keep the courts open at night, I think we can get the support of the judiciary, of Judge Moultrie. He seemed to be very, very much in sympathy. I think we can begin to turn some things around.

Mayor BARRY. I agree, sir. We were going to fully cooperate with you on this immediate problem. But I thought that we ought to look at the long-range solution also.

Senator D'AMATO. Absolutely.

Mayor BARRY. That will require the Congress to amend the Bail Reform Act. But I'm prepared today to commit all the resources that we have at our command and also to urge that we look to the Federal Government for support also. The U.S. Attorney's Office has to be beefed up so that we can have some quick movement in these areas where we have those kinds of problems.

Senator D'AMATO. I've directed the staff already to start to look at the Bail Reform Act in terms of what's necessary. Judge Moultrie testified to this and I'm delighted that you mention this.

Again, Congress talks about the problems. We've got to give you the tools and the followthrough with which to deal with them.

Mayor BARRY. We support the immediate solution to this problem because it's one that's frustrating to citizens. It's frustrating to the police who arrest people and then see them out on the streets in 2 days. It hurts us all and it really is not a large number. It's a small number of people who have multiple offenses that we ought to go after. I don't have to tell the chairman, I'm sure, to support the court in order to get people who have committed these multiple offenses into jail, tried quickly, and either found guilty or innocent.

Senator D'AMATO. I haven't fixed a time but I hope that you will be able to be present for our preliminary undertaking, sir, this Friday.

Mayor BARRY. We'll make that, sir.

PARTICIPATION OF COUNCIL CHAIRMAN

Mr. DIXON. Senator, I'd just like to echo the support the Mayor has indicated, for the Council. Certainly as chairman I'd like also, if appropriate, to be involved.

Senator D'AMATO. Absolutely.

Mr. DIXON. It's an issue that we all hear in the community. It is one of the most emotional issues, crime, and any way to address it. Clearly, this is a magnificent approach that I think has our support and I'd like to be a part of it.

Senator D'AMATO. Absolutely. I think as the Chairman of the Council we want that participation and that representation. Mr. Leeth is coordinating those efforts in terms of contacting the various people. Of course, he will contact the Police Commissioner, and so forth, and we'll contact the judiciary. I've indicated to them that this would be something that we would look at. Again, it came about as a result, I think, of your commissioner's testimony saying, you know, we've got a couple of bad apples out there and they just keep turning up.

Mayor BARRY. Yes, sir.

Senator D'AMATO. And we had better recognize that this business about rehabilitation is nice but they're not going to be rehabilitated out on the street and once you have apprehended them, as I've mentioned once, they just keep repeating over and over, so we'll get to work on this Friday. In the interim our staffs will be working and if you've got any suggestions on that, the Bail Reform Act, you might have your corporation counsel contact us.

We'll talk to the U.S. Attorney's Office also in relationship to that and also to the judiciary in regard to that.

ADOPTION OF NEW PROCEDURES BY PAROLE BOARD

Mayor BARRY. Mr. Chairman, let me add another aspect to that. I met approximately 3 weeks ago with the U.S. Attorney, Judge Harris, and the Parole Board which is an integral part of this problem also. I have directed that they adopt some new procedures which say that if a person is on parole and he or she is caught in the commission of a crime, my own view of the question is not how much time you're going to get—rather, if you are going to get any time—the question is how much. This is what I call the smoking gun theory. It seems if the Parole

Board officer immediately issues a warrant for a hearing on the parole revocation based on the fact that the person is right there, now, that's different than 2 weeks later when somebody comes in at 2 o'clock and gets you out of bed and says, "Where were you at 4 o'clock?" And the judge would decide or have the jury decide. That's another aspect of the tightening up.

Parole is something I believe in but I also believe that if people are going to be out on parole you have a responsibility to keep track of them.

SUFFICIENT PRISON SPACE

Senator D'AMATO. Mr. Mayor, let me ask you about prison space. One of the great problems again that plagues urban centers, that plagues my State, my own county where I come from in Long Island is prison space. People wouldn't believe that some years ago you'd have a problem with prison space, and we have, and we've been in Federal court, and so forth, in regard to overcrowding.

That's an affluent suburban area. So, we've got great problems. Do you have enough in the way of space? Is that a problem? How serious is that problem?

Mayor BARRY. It's a serious problem. In fact, Mr. Chairman, we are desperately trying to open up about 400 additional spaces. I think part of the solution for the space problem is that we will have to make some priorities.

I personally believe if you have to choose between someone who has committed a violent crime or a crime against property or persons and someone who has committed a misdemeanor, you really may want to find another way. Judges have started looking at a way of dealing with misdemeanors differently in that you try to get them to do public service as opposed to spending $25,000 a year to keep them incarcerated which also takes up space. Judge Moultrie and I talked about that approach.

They have already recommended some other approaches whereby certain kinds of misdemeanors are reduced to 90 days or less and they can be tried by a judge as opposed to a jury. This means that they can move through the system faster.

As I say, I think the public service aspect of paying back what you took, for misdemeanors, will free up the jail space for what I consider are the very violent criminals who have been sentenced or who are waiting to be sentenced. But we are overcrowded now to some extent at the District of Columbia jail. So we do have a problem with jail space and nobody wants a jail in their neighborhood. But we will be able to add about 400 spaces through renovation of the RCA facility at Lorton.

But I think we ought to have a combination program of getting at those who really are the dangerous persons in our society and trying to figure out what do you do with the misdemeanors? It's wrong to do anything against a person, but when somebody snatches a pocketbook that's a misdemeanor. Compared to rape, burglarizing somebody's home or stealing somebody's car, you've got to make that distinction because there's not enough space.

We welcome this participation. This is just delightful to hear.

Senator D'AMATO. Chairman Dixon, do you have a comment?

Mr. DIXON. I just would echo again I think this is an area that we do need to address. I would like to be a part of it so that we can make sure that the legislative body is moving with the executive branch in this area.

STATUS OF GEORGETOWN WATERFRONT PROJECT

Senator D'AMATO. I have several questions. Let me ask you, how are we doing in terms of the utilization, let's say, of the Georgetown Waterfront properties? What is the status of that and some of the other development projects? It seems to me that maybe we could get a little bit more in the way of long-term revenues produced there and some construction in those areas that would be a great revenue producer for the city when we get those projects going. How are we doing? Could you give us an update?

Mayor BARRY. Mr. Chairman, the Georgetown waterfront is a hornet's nest politically. We have a situation in Georgetown where the waterfront down there is a mess. It has garbage trucks and sand. We've been able to go through with one development project which is underway but a significant number of citizens in Georgetown, and I understand their concern, are opposed to any development in Georgetown. Traffic is a serious problem. The Whitehurst Freeway, which was opened in 1949, I think, is inadequate to handle the traffic coming out of Virginia. I've had to tread very lightly, quite frankly, in the Georgetown area because of the strong feeling among the citizens there.

Senator D'AMATO. Was there some talk about a park and maybe a restaurant and parking field, and so forth.

Mayor BARRY. Well, what we've done so far is that the District's prepared to move the impoundment lot. We had a big lot down there for impounding cars that were parked illegally. We've moved it over to Brentwood and therefore the District is prepared to work with the Park Service on developing the rest of the area down to the river. That would be made into a park.

The Department of the Interior does not necessarily want it. They don't have the money. If the District gave Interior the land because they have given us land, who would maintain it? But we are on our way to at least putting it in the masterplan for the waterfront. But development, Mr. Chairman, is a very difficult area.

Let me give you an example of how difficult things are. About 15 or 20 years ago, long before either you or I got involved with the city of Washington, the Metro Board went to Georgetown and said, "Let's put a Metro stop in Georgetown," and there was just opposition everywhere to the Metro and now some of the same people are saying, "Listen, Mr. Mayor, when can we get our Metro stop?" And I'm facetious with this when I usually say, "When you cough up $250 million we'll go build it." But that's the kind of attitude you have. I understand that. But it's a difficult situation.

On the other hand, our downtown development, Mr. Chairman, is just booming all over. Our convention center is on target and should be finished by the end of the year. It is within the budget. Our first convention is booked in January. We have over 50 national bookings already. We have 24 projects under construction right now, another 14 on the drawing board, and so downtown development is really booming. You see these buildings and cranes everywhere.

We're also working on our development in the neighborhoods so we don't have the neighborhoods out of sync. Hechinger Mall, if you've driven by there, is just a very exciting place. But Georgetown is very, very tough to do any development. It's a wonderful historic district and it's a long process. Second, there's a lot of opposition from citizens to do any more development.

DISTRICT COUNCIL'S SUPPORT OF PROJECTS

Mr. DIXON. Mr. Chairman, I want to point out that we have to take the heat periodically and I was the first public official that has taken and am taking even now a lot of heat for speaking out in favor of the Georgetown development and the development of a number of initiatives and some desires and some attempts to take that on. I think we are moving forward, as the Mayor has indicated.

Also, the Council did approve the downtown plan which the Board of Trade offered up a number of weeks ago, a resolution that supported that direction, a resolution and a commitment that I think establishes certainly the Council's desire to see the kind of work that will create jobs and the jobs are ultimately a very important part of our crime problem. People have to have education and jobs to feel that they do not have to seek other sources of release just trying to find the revenue and money.

We also have gone on record as being supportive of the hotel zone around the Convention Center, which will allow the bringing in of new hotels and also creating jobs for our citizens of the District. So, very clearly we are on record as supporting these efforts and in some cases have taken a lot of heat already. Certainly I have, as have other public officials in the Georgetown area. And there's still no result of that yet. But we feel it's important to do that and have done it.

OPPOSITION TO HOTEL ZONE

Senator D'AMATO. Have you found that there is opposition even to the hotel zone?

Mr. DIXON. We obviously are concerned about its placement and we have to make it clear as we take the position supporting the hotel zone that those hotels do not come in and force some of the residents that live there in small homes in that area out and also we are concerned about taxes that would, obviously, go up with the establishment of new businesses in that area.

I was going to factor that in and indicate that the jobs, the spinoffs for persons all across the city would also help that. We would have to protect that kind of situation. The jobs are critical and the growth of that area, the revitalization of 7th Street, is important in the entire area around the Convention Center.

Senator D'AMATO. Absolutely. It's a critical area and you miss a magnificent opportunity if the hotel development is not encouraged at this point in time.

HOTEL DEVELOPMENT AROUND CONVENTION CENTER

Mr. DIXON. Sir, let me indicate that because of the Convention Center being almost completed, there will be about 3,000 new hotel rooms over the next 3 or 4 years. In fact, at Ninth and New York Avenue the property has already been cleared and it's just a question of financing and getting the hotel there. Down the street in the Woodies block on 11th Street they are proposing a major hotel. The Marriott at 14th and Pennsylvania is already underway, with 760 or so rooms. So, the Convention Center and the whole area east of 15th Street is now coming alive, not just for office buildings but with hotels and we're hopeful that we'll get a major retail development at 12th and G with that Metro project. We think that two major department stores will probably end up there. That part of downtown is really coming alive and jobs are being created and we feel very happy about what's happening in our downtown area.

We think it shows, as you know, a confidence for people to put this kind of money into private investments. The city government itself is being given a vote of confidence.

PRIORITY IN REDUCING AFDC ERROR RATE

Senator D'AMATO. I'd like to make one final point and then I have some questions that I will submit to you for the record and on behalf of myself and some of my colleagues. I'd ask if you couldn't give us a written reply to them within the next week.

During our hearings I've had an opportunity to speak to your Commissioner of Social Services and although some progress has been made and there's some movement in the area of computers and better utilization and management, the fact is the AFDC error rate is still at a level over that level which is mandated by law and will result in the city losing or costing the city about $6 million.

Now, you know, too many people worked too hard. That $6 million is a resource that could be better utilized, whether it is in terms of the public safety programs, whether it's in reducing the deficit, or whether it's in educational programs, you're going to have to pay it.

I have to say that this is an important area. I have asked for a report by the Commissioner and I told her of my concern in regard to this area.

I would ask that both the Mayor and the Council President make this a priority, direct those people to see to it if they need more—and by the way, if they're not following up, if your caseworkers aren't doing their job, then fire them. Bring them up on charges. Let the word get out. Now, sometimes that has to take place. I know what I'm asking for is easier said than done—I have an understanding of that.

I recall one episode where this employee of mine, and I would imagine you have the same kind of rules and regulations, committed an incredible, unspeakable crime while he was on the job, right at the job, and would you believe that even after he was convicted of a crime and we fired him, the court said that the sentence was excessive and that our firing him also was excessive, and we wound up having to take him back. Not only that, we had to pay him back wages of about $45,000. I found this guy was so dangerous I could put him in the cemetary—otherwise I threatened to take an appeal—I mean it was incredible.

But look, so I share with you, I understand from the vantage point of having run a municipality with about 3,000 employees, you've got to get down on this. You have to do it.

Mayor BARRY. Mr. Chairman, we agree, even though we have moved from about 36 percent down to 11 percent. That is not enough.

The error rate comes in the earned income area. That is, those persons who have no earned income, there's no question. They just don't earn any so they are always eligible until their children are over 18 or if they go to school, 21.

But the greatest error comes from those that have earned income. That is, if they change jobs, the amount of income changes, therefore their papers change.

Senator D'AMATO. Well, if we could have an analysis on where that error rate breaks down, I think that would be important, No. 1, for the public, and for the Congress to know. Those are my colleagues who say, "How come this rate is so high?" Look what's taking place. I think that's important.

No. 2, I think also very important is the effort and the fact that when people know, administrators know, and others know, that you consider this to be an important priority, that you'll see things get to be done. That's got to come from you.

CORRELATION OF AFDC RECIPIENTS AND PUBLIC HOUSING TENANTS

Mayor BARRY. It's a priority. Another aspect of that, Senator, that we are looking at, did not come through a hearing but we understand it. We have a large number of people who are on Aid to Families with Dependent Children who also live in our public housing. We find that some of those same persons are not paying their public housing rent, which then causes another problem.

Senator D'AMATO. Sure.

Mayor BARRY. We're now looking at a program, whereby those persons who are current nonpayers of rent in public housing, who receive public assistance, will have their rent deducted from their AFDC checks.

Senator D'AMATO. You would deduct that right from the check so that at least that one aspect is covered?

Mayor BARRY. Right. It might be $35 a month or $40 a month. But we think that there ought to be this correlation between the people who get the AFDC and live in public housing. The whole idea of AFDC is to provide housing and shelter for people. That's another aspect of our tightening up and getting our money up front as opposed to people getting that assistance check and then not paying their rent. We think they ought to pay their rent and then they can do what they want to with the rest of it.

So, we are going to make it a priority. I support my commissioner fully in this. Mr. Rogers has been before this committee and we knew the question was going to come up because you're very good at letting us know a little bit about that.

Senator D'AMATO. Because I telegraphed it last week.

Mayor BARRY. Sometimes even when you telegraph it we can't always duck fast enough.

Senator D'AMATO. Fine.

Mayor BARRY. We're going to work on that. You have a commitment on that, a serious commitment.

Senator D'AMATO. OK. Good. As I said to the Commissioner, if you go back and you tell the Mayor and the Council, tell Gladys that this is going to be a priority with me, that it's important. There are so many demands and so many needs for that money that we just don't want to see it being lost. It's charged to the District. You pay it back. It's not reimbursable. That's a tragedy. You work too hard to lose $6 or $7 million.

I'm going to ask that the statement of Mayor Barry become a part of the record as if read in its entirety. We'll be together again Friday focusing in on this matter as it relates to the public safety issue, which I think is absolutely paramount. I'm here in the District too and I want to be able to walk out to my car with some degree of freedom from fear. It is a very pervasive thing.

[The statement follows:]

STATEMENT OF MARION BARRY, JR.

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE, I AM PLEASED TO HAVE THE OPPORTUNITY TO DISCUSS WITH YOU TODAY, THE DISTRICT'S FISCAL YEAR 1983 APPROPRIATED BUDGET. THIS IS "A BUDGET FOR THE PEOPLE" BECAUSE IT MEETS D.C. CITIZEN NEEDS FOR JOBS, HOUSING, EDUCATION, POLICE AND FIRE PROTECTION, ECONOMIC DEVELOPMENT, TRANSPORTATION, THE ARTS, AND SERVICES FOR THE ELDERLY.

MR. CHAIRMAN, I HAVE LOOKED FORWARD TO DISCUSSING THIS BUDGET WITH YOU, BECAUSE OF THE CLOSE PARTNERSHIP AND FRIENDSHIPS WHICH HAVE EVOLVED BETWEEN THIS COMMITTEE AND OUR LOCAL GOVERNMENT IN MY ADMINISTRATION. BY WORKING CLOSELY TOGETHER, WE ARE ACHIEVING THE TRUE SPIRIT OF HOME RULE. I AM DEEPLY GRATEFUL TO YOU FOR THIS GENUINE AND HISTORIC PROGRESS.

FIRST, LET ME SAY THAT I SINCERELY APPRECIATE THE COOPERATION OF YOUR COMMITTEE IN ALLOWING THE DISTRICT TO SUBMIT ITS BUDGET TO YOU ON APRIL 15TH. THIS DATE ALLOWED ME TO SUBMIT MY BUDGET TO THE COUNCIL ONE FULL QUARTER LATER THAN USUAL, AND HAS ENABLED US TO AVOID A COMPREHENSIVE BUDGET AMENDMENT FOR FY 1983. THE REVISED DATE ALSO PERMITTED PREPARATION OF THE FY 1983 BUDGET AT THE LOCAL LEVEL USING A CONGRESSIONALLY APPROVED BUDGET FOR THE CURRENT YEAR AND PRELIMINARY AUDIT RESULTS FOR THE ACTUAL YEAR OF THE BUDGET.

BEFORE I DISCUSS THE DETAILS OF OUR FY 1983 BUDGET REQUEST I WANT TO SPEAK BRIEFLY ABOUT FISCAL YEAR 1981. WE ARE UNDERSTANDABLY PROUD OF OUR ACCOMPLISHMENTS. IN FY 1981 YOUR COMMITTEE SUPPORTED THE DISTRICT BY APPROPRIATING THE FULL FEDERAL PAYMENT AUTHORIZATION OF $300 MILLION FOR THE FIRST TIME SINCE HOME RULE. WE ALSO REALIZED OUR GOAL OF A BALANCED BUDGET -- THE FIRST TRULY BALANCED BUDGET IN A DECADE. WE NOT ONLY BALANCED OUR BUDGET, BUT WE ENDED THE YEAR WITH AN UNOBLIGATED BALANCE OF $7 MILLION, SPENDING WITHIN 99.6 PERCENT OF OUR PLAN.

IN ADDITION, OUR SUCCESSFUL MANAGEMENT IMPROVEMENTS AND LOCAL ECONOMIC CONDITIONS PRODUCED $51 MILLION IN TAX REVENUE OVER OUR FY 1981 SUPPLEMENTAL ESTIMATES, MADE DURING THE SECOND FISCAL QUARTER. THIS WAS DUE PRIMARILY TO UNPRECEDENTED ANNUAL GROWTH IN INCOME AND SALES AND USE TAXES. THE INCOME TAX

COLLECTION GREW BY NEARLY 15 PERCENT, AND SALES TAX RECEIPTS DID NOT REFLECT THE TYPICAL BASE DECLINE AT THE TIME WE INCREASED THE TAX RATE FROM 5 TO 6 PERCENT. MUCH OF THIS REVENUE CAME IN DURING THE LAST QUARTER OF THE FISCAL YEAR, AND COULD NOT BE USED FOR FY 1981 BUDGETARY EXPENDITURES; HOWEVER, THE RECURRING PORTION OF THAT REVENUE HAS BEEN USED TO FUND OUR FY 1982 SUPPLEMENTAL BUDGET, WHICH WAS APPROVED LAST MONTH BY THE D.C. COMMITTEE IN THE HOUSE.

OUR SUCCESSFUL TAX COLLECTION EFFORTS, AND OUR BALANCED BUDGET ENABLED US TO REDUCE OUR ACCUMULATED DEFICIT TO $309 MILLION --A REDUCTION OF $68 MILLION IN ONE YEAR. THIS SUCCESS HAS ALSO HELPED OUR CASH POSITION; THIS IS PARTICULARLY IMPORTANT AT A TIME WHEN OUR PLAN TO PERMANENTLY SMOOTH OUT OUR CASH FLOW IS STALLED IN CONGRESS.

I AM FULLY AWARE THAT NONE OF THIS COULD HAVE BEEN ACCOMPLISHED WITHOUT THE SENSITIVE LEADERSHIP OF YOU, CHAIRMAN D'AMATO, AND SENATOR LEAHY. THE SERIOUSNESS WITH WHICH YOU HAVE UNDERTAKEN YOUR DUTIES OF OVERSIGHT ON THIS COMMITTEE, YOUR HELP, AND YOUR UNDERSTANDING HAVE ENABLED US TO REALIZE THE SUCCESSES WE HAVE ACHIEVED.

I WANT TO ASSURE YOU THAT THE CONFIDENCE YOU HAVE SHOWN IN THIS ADMINISTRATION IS WELL PLACED. YOUR SUPPORT OF A $336 MILLION FEDERAL PAYMENT AUTHORIZATION AND APPROPRIATION OF THE ENTIRE AMOUNT IN THE ORIGINAL BUDGET IN FY 1982 HAVE PUT US IN A UNIQUE POSITION TO BE ABLE TO ENJOY A GREATER DEGREE OF SELF GOVERNMENT, AND OPERATE WITH CERTAINTY ABOUT FEDERAL PAYMENT FUNDING. BECAUSE OF YOUR HELP WE ARE WELL UNDERWAY TO A BALANCED BUDGET IN FY 1982 AND THE REALIZATION OF OUR PROGRAM GOALS.

FISCAL YEAR 1983 GENERAL FUND DEFICIT

FISCAL YEAR 1983 REPRESENTS THE ANCHOR YEAR IN MY 3-YEAR FINANCIAL PLAN. THE GOALS ESTABLISHED FOR THE BUDGET IN THAT PLAN, WHICH COVERED FISCAL YEARS 1981, 1982 AND 1983, HAVE BEEN MET AND EXCEEDED.

I AM PLEASED TO ANNOUNCE THAT FOR FISCAL YEAR 1983, ONCE AGAIN, WE INTEND TO MEET CITIZEN NEEDS, AND DO SO WITHOUT MAJOR TAX INCREASES, AND WITH A BUDGET THAT IS FULLY BALANCED ACCORDING TO STRINGENT ACCOUNTING TESTS. THESE EFFORTS ARE FULLY REFLECTIVE OF MY COMPREHENSIVE APPROACH TO PLANNING AND BUDGETING.

THE FISCAL YEAR 1983 GENERAL FUND APPROPRIATED BUDGET TOTALS $1.8 BILLION, AN INCREASE OF 11 PERCENT OVER OUR ORIGINAL BUDGET, BUT SLIGHTLY MORE THAN 7 PERCENT OVER THE 1982 SUPPLEMENTAL BUDGET REQUEST. THIS INCREASE WAS MADE POSSIBLE BY A STRONGER REVENUE AND ECONOMIC DEVELOPMENT PICTURE THAN WAS PREVIOUSLY FORECASTED AND BY ENHANCED FINANCIAL MANAGEMENT. THIS FAVORABLE REVENUE PICTURE ASSURES THAT WE WILL BE ABLE TO CARRY OUT OUR PLANNING OBJECTIVES, WHICH INCLUDE:

- NO MAJOR TAX INCREASES;
- MAINTENANCE OF BASIC SERVICES;
- TARGETED INCREASES IN AREAS OF HIGH PRIORITY TO D.C. CITIZENS.

AS REQUIRED BY THE DISTRICT CHARTER THIS BUDGET ASSUMES A FEDERAL PAYMENT AUTHORIZATION OF $336.6 MILLION. HOWEVER, I AM PLEASED TO SAY THAT PRESIDENT REAGAN HAS REQUESTED AN INCREASE OF $24.4 MILLION IN THE PAYMENT AUTHORIZATION. THESE FUNDS WHICH WILL BE BEFORE YOU FOR APPROPRIATION AT A LATER DATE ARE CRITICALLY NEEDED TO FULLY COVER THE COST OF OUR MEDICAID, PENSION AND PAY RAISE NEEDS IN FY 1983. I WOULD LIKE TO SUBMIT FOR THE RECORD OUR ANNUAL REPORT ON THE FEDERAL PAYMENT. WHILE I AM PLEASED WITH THE PRESIDENT'S RECOMMENDATION WITH RESPECT TO THE FEDERAL PAYMENT, I AM CONCERNED ABOUT HIS PROPOSAL FOR ST. ELIZABETHS HOSPITAL WHICH I DISCUSSED WITH YOU EARLIER. I ENLIST YOUR SUPPORT TO MAINTAIN THE CURRENT CAP ON OUR PAYMENT TO THE HOSPITAL.

THE CAPITAL PROJECTS BUDGET IS PROPOSED AT $84 MILLION FOR FISCAL YEAR 1983, A REDUCTION OF 54 PERCENT FROM THE 1982 CAPITAL BUDGET LEVEL OF $182 MILLION. IT IS THE LOWEST CAPITAL BUDGET FOR THE DISTRICT OF COLUMBIA IN MANY YEARS. THIS WAS MADE POSSIBLE BY OUR COMPREHENSIVE APPROACH TO FINANCIAL PLANNING AND PRIORITIZING EXPENDITURES.

PRIORITIES

I CALL THIS 1983 BUDGET A "BUDGET FOR THE PEOPLE," BECAUSE IN THIS ADMINISTRATION WE HAVE MADE A SINCERE AND SUCCESSFUL EFFORT TO ASCERTAIN WHAT SERVICES CITIZENS NEED, AND SHIFT RESOURCES TO THOSE NEEDS. OUR MAYOR'S

ADVISORY COMMITTEE ON RESOURCES AND BUDGET, COMPOSED OF 80 MEMBERS EQUALLY REPRESENTED BY ALL EIGHT WARDS, PLUS NUMEROUS TOWN MEETINGS AND OTHER PUBLIC FORUMS, HAVE REAFFIRMED THAT THIS ADMINISTRATION'S PRIORITIES ARE IN TUNE WITH THE PRIORITIES OF DISTRICT CITIZENS. MOREOVER, CITIZENS HAVE SENT US A CLEAR MESSAGE TO STREAMLINE AND REORGANIZE GOVERNMENT, AND RESTRAIN TAX INCREASES. THIS BUDGET HAS PROCEEDED THROUGH A VERY VIGOROUS AND THOROUGH REVIEW BY THE D.C. COUNCIL, WHICH ALSO HAS, AS ITS NUMBER ONE OBJECTIVE, A DEEP COMMITMENT TO MEETING THE PRIORITIES OF D.C. CITIZENS.

WHILE WE HAVE SIGNIFICANTLY REDUCED THE OVERALL BUDGET GROWTH IN THIS ADMINISTRATION TO AN AVERAGE OF 9 PERCENT A YEAR, WE ARE SEEING INCREASED EMPHASIS IN PROGRAMS WHICH D.C. CITIZENS NEED THE MOST. WITH YOUR HELP, MR. CHAIRMAN, DURING THIS ADMINISTRATION, MASS TRANSIT EXPENDITURES HAVE GROWN 127 PERCENT; HOUSING, 438 PERCENT; EMPLOYMENT, 4,609 PERCENT; THE ARTS, 728 PERCENT; AND SERVICES FOR THE ELDERLY 645 PERCENT. OVER $2.3 MILLION IN ENTIRELY NEW FUNDS HAVE BEEN TARGETED FOR THE OFFICE OF BUSINESS AND ECONOMIC DEVELOPMENT, WITH STRONG EMPHASIS ON COMPREHENSIVE PLANNING TO PROVIDE JOBS AND BUILD THE FUTURE TAX BASE.

AS YOU CAN SEE, MR. CHAIRMAN, THE D.C. GOVERNMENT IS NO LONGER SIMPLY TAKING LAST YEAR'S BUDGET AND ADDING ON INCREASES PROJECTED BY DEPARTMENT HEADS. WE ARE TAKING A ZERO BASE LOOK AT AGENCY BUDGETS--MAKING DEPARTMENT HEADS JUSTIFY EVERY SINGLE ITEM IN OUR BUDGET--AND EMPHASIZING PRIORITY CONCERNS.

A STREAMLINED GOVERNMENT

MAJOR DEPARTMENTS, SUCH AS HUMAN SERVICES, EMPLOYMENT SERVICES, AND FINANCE AND REVENUE, HAVE BEEN REORGANIZED FOR GREATER EFFICIENCY. OUR D.C. GOVERNMENT WORK-FORCE HAS BEEN REDUCED BY 12.5 PERCENT SINCE I TOOK OFFICE, ACHIEVED PRIMARILY THROUGH ATTRITION. COMPARE THIS 12.5 REDUCTION TO THE PROJECTED 2.6 PERCENT REDUCTION IN THE FEDERAL WORK FORCE AND YOU CAN BEGIN TO APPRECIATE THE MAGNITUDE OF WHAT WE ARE GOING THROUGH. OUR REDUCTIONS HAVE BEEN EXTREMELY DIFFICULT TO ACCEPT, FOR THE EMPLOYEES AND FOR US, BUT THE REDUCTIONS WERE A NECESSARY FIRST STEP TO RESTORE HEALTH TO OUR CITY'S FINANCES, WHICH WERE HURTING THE CAPABILITY OF EVERY FACET OF GOVERNMENT OPERATIONS.

BECAUSE OF THIS COMMITTEE'S CONCERN OVER THE YEARS ABOUT THE LARGE NUMBER OF DISTRICT GOVERNMENT EMPLOYEES, I AM SUBMITTING A REPORT THAT WAS PREPARED BY THE U.S. CENSUS BUREAU AT MY REQUEST. THE REPORT INDICATES THAT WE ARE SLIGHTLY BELOW AVERAGE IN GOVERNMENT SIZE WHEN COMPARED WITH SEVEN COMPARABLE EASTERN SEABOARD AND MIDWESTERN CITIES. I ASK THAT THIS REPORT BE MADE A PART OF THE RECORD.

I WOULD ALSO LIKE TO GIVE EACH MEMBER OF THE COMMITTEE A COPY OF MY RECENT REPORT TO THE PUBLIC ON SIGNIFICANT EFFICIENCY GAINS WE HAVE MADE IN OUR ADMINISTRATION DESPITE A SMALLER WORKFORCE. YOU WILL SEE IMPROVEMENTS OF 100 PERCENT OR MORE, IN CATEGORY AFTER CATEGORY.

NOW WE ARE LIVING WITHIN OUR MEANS. WE ARE AVOIDING MAJOR TAX INCREASES. WE ARE EMPHASIZING VITAL PEOPLE PROGRAMS. WE ARE ENJOYING IMPROVED RELATIONS WITH CONGRESS. WE ARE SHAPING A VERY PROGRESSIVE BUDGET EVEN IN THESE VERY DIFFICULT TIMES OF BUDGET AUSTERITY BY SETTING PEOPLE ORIENTED PRIORITIES.

COMPONENTS OF THE INCREASE

THE 1983 BUDGET OF $1.8 BILLION IS AN INCREASE OF $183 MILLION OVER THE ORIGINAL 1982 BUDGET. OF THAT AMOUNT, $47.0 MILLION IS IN "NON-DISCRETIONARY" OR MANDATORY INCREASES. HOWEVER, MORE THAN $29 MILLION OF THESE NEEDS HAVE ALREADY EMERGED IN FY 1982 AND ARE FUNDED IN THE SUPPLEMENTAL BUDGET.

THE FISCAL 1983 PAY ADJUSTMENT AMOUNTS TO $58.1 MILLION. DISCRETIONARY INCREASES ARE ABOUT $62.3 MILLION, ABOUT ONE-THIRD OF THE TOTAL. IN MAKING CHOICES, WE HAVE MAXIMIZED OUR OPPORTUNITY TO PROVIDE INCREASES IN PROGRAMS WHICH MEAN THE MOST TO OUR CITIZENS.

EDUCATION

AN ADDITIONAL $42 MILLION IS BEING REQUESTED FOR PUBLIC SCHOOLS. THIS IS A HEALTHY INCREASE AND WILL PERMIT THE HIRING OF TEACHING AND SUPPORT PERSONNEL NEEDED FOR SUCCESS OF THE NEW SUPERINTENDENT'S PROGRAMS. THE D.C. BOARD OF EDUCATION, THE SUPERINTENDENT, THE D.C. COUNCIL AND THE EXECUTIVE BRANCH ARE WORKING TOGETHER TO FUNNEL EVERY PENNY WE CAN FIND INTO TEACHING SERVICES WHICH RELATE DIRECTLY AND TANGIBLY TO THE NEEDS OF OUR CHILDREN. I CANNOT THINK OF A WORTHIER CAUSE FOR THESE EXPENDITURES, AND WE WILL CONTINUE TO IDENTIFY WHATEVER FUNDS WE POSSIBLY CAN TO FURTHER IMPROVE EDUCATION IN OUR CITY.

AS ANOTHER ELEMENT IN OUR COMPREHENSIVE APPROACH TO EDUCATION, FUNDING FOR EARLY CHILDHOOD DEVELOPMENT AND DAY CARE SERVICES TO NEARLY 6,400 CHILDREN IS REQUESTED IN 1983, MORE THAN 12.2 PERCENT OVER 1982.

I CONTINUE TO SUPPORT OUR STATE UNIVERSITY, THE UNIVERSITY OF THE DISTRICT OF COLUMBIA, AS I ALWAYS HAVE. THIS INVESTMENT IN OUR YOUNG PEOPLE IS OUR CITY'S BEST HOPE FOR THE STRONGEST POSSIBLE D.C. OF TOMORROW. UDC IS RECEIVING A 14 PERCENT INCREASE.

HOUSING

ANOTHER MAJOR INCREASE IS A 71 PERCENT INCREASE IN THE HOUSING BUDGET, INCLUDING $5 MILLION FOR A WARD 8 PROGRAM FOR HOUSING REHABILITATION AND HOME PURCHASE ASSISTANCE -- PART OF MY COMPREHENSIVE PROGRAM TO PROVIDE BETTER HOUSING, JOBS AND COMMUNITY FACILITIES TO THE SOUTHEAST AREA OF D.C. WHICH HAS BEEN NEGLECTED FAR TOO LONG.

ANOTHER $6.9 MILLION IS REQUESTED, ESPECIALLY IN THE AREA OF UTILITY COSTS, FOR THE 60,000 RESIDENTS IN 12,000 UNITS OF LOW-INCOME HOUSING.

WE WILL ALSO PROVIDE 2,100 SECTION 8 UNITS FOR 6,000 LOW- AND MODERATE-INCOME CITIZENS THROUGHOUT D.C. WE WILL PURCHASE ABOUT 125 PROPERTIES FOR REDEVELOPMENT AROUND THE CITY. WE WILL MARKET 26 URBAN RENEWAL PARCELS FOR 22 ACRES OF COMMERCIAL AND RESIDENTIAL DEVELOPMENT, AND GENERALLY CONTINUE OUR SUCCESSFUL HOUSING PROGRAMS.

MR. CHAIRMAN, MY ADMINISTRATION IS PRODUCING NEW AND REHABILITATED HOUSING AT DOUBLE THE FORMER RATE. THIS ADMINISTRATION HAS ALREADY PRODUCED OVER 6,000 NEW AND REHABILITATED HOUSING UNITS. MOREOVER, WE ARE PROVIDING ASSISTANCE AT THIRTEEN TIMES THE FORMER RATE TO HELP 10,000 D.C. RENTERS PURCHASE THEIR UNITS.

ECONOMIC DEVELOPMENT

I AM PROPOSING $1.3 MILLION FOR THE OFFICE OF BUSINESS AND ECONOMIC DEVELOPMENT, A 68 PERCENT INCREASE, TO ENHANCE BUSINESS ATTRACTION AND RETENTION EFFORTS ORIGINALLY SCHEDULED TO BE PROVIDED WITH FEDERAL COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS. WITH THE CONVENTION CENTER ACTING AS AN ANCHOR, OUR ACTIVE DOWNTOWN PLANNING PROGRAMS WITH LOCAL AND NATIONAL

INVESTORS ARE PAYING OFF WITH NEW INDUSTRIES AND THOUSANDS OF NEW JOBS. NEW CONSTRUCTION HAS ADDED OVER $224 MILLION IN ASSESSED VALUE OF REAL ESTATE TO OUR TAX ROLLS IN 1982. WE INTEND TO KEEP THIS MOMENTUM GOING.

JOBS FOR D.C. RESIDENTS

I AM PROPOSING A $2.5 MILLION INCREASE FOR D.C. RESIDENTS' JOBS TRAINING, AS ANOTHER VITAL COMPONENT OF OUR PLAN TO OVERCOME THE EFFECTS OF A DIMINISHED FEDERAL JOBS BASE. HALF OF THE INCREASE WILL BE USED FOR OUR OUT-OF-SCHOOL COMPONENT, WHILE THE OTHER HALF OF THE INCREASE WILL ADD ON-THE-JOB TRAINING OPPORTUNITIES FOR DISTRICT CITIZENS UNDER THE ADULTS-WITH-DEPENDENTS COMPONENT. SERVICES WILL BE PROVIDED TO 230 ADDITIONAL YOUTH AND 455 ADULTS, PRODUCING A 45 PERCENT INCREASE IN THIS PROGRAM. MOREOVER, THIS BUDGET CONTINUES OUR SUMMER JOBS PROGRAMS, FUNDING OVER 12,000 SUMMER JOBS FOR D.C. YOUTH WITH LOCAL FUNDS, AND AN ESTIMATED 8,000 WITH FEDERAL FUNDS, GIVING US 20,000 SUMMER JOBS IN 1983. LIKE ALL MAJOR CITIES, D.C. IS HURT BY THE EFFECTS OF FEDERAL BUDGET REDUCTIONS. NEVERTHELESS, AS YOU CAN SEE, WE ARE TAKING LOCAL ACTIONS, WHEREVER POSSIBLE, TO COMPENSATE FOR THESE LOSSES.

FIGHTING CRIME

THE $128.3 MILLION APPROPRIATION REQUEST FOR THE METROPOLITAN POLICE DEPARTMENT WILL ENABLE US TO MAINTAIN OUR UNIFORMED OFFICER STRENGTH AT 3,880. WE EXPECT TO REACH THIS STRENGTH SOMETIME DURING THE SUMMER. IN ADDITION, FUNDING INCREASES ARE PROVIDED FOR COMBATTING ILLEGAL DRUG ACTIVITY AND REPLACING DETERIORATED COMMUNICATIONS EQUIPMENT.

I AM PLEASED TO ADVISE THAT TENS OF THOUSANDS OF D.C. CITIZENS ARE JOINING US IN OUR THIRTEEN POINT CRIME REDUCTION AND PREVENTION PROGRAM, INITIATED OVER A YEAR AGO. CITIZENS ARE PARTICIPATING IN NEIGHBORHOOD WATCH PROGRAMS, HAVING THEIR PROPERTY ENGRAVED AS A THEFT DETERRENT AND RECOVERY PROGRAM, USING OUR ANONYMOUS TIPSTER PROGRAMS, AND VOLUNTARILY TURNING IN THEIR HANDGUNS. WE ARE USING POLICE DECOYS EFFECTIVELY, DEPLOYING OFFICERS IN ROUTES AND PATTERNS WHICH ARE UNPREDICTABLE TO CRIMINALS, DOUBLING DRUG ARRESTS, AND PLACING HUNDREDS OF OFFICERS ON THE STREETS AWAY FROM ADMINISTRATIVE DESK JOBS. WE ARE THEREFORE INCREASING THE SIZE OF OUR FRONT LINE POLICE FORCE. I AM DETERMINED TO ASSURE THAT OUR STREETS ARE SAFER TO WALK, OUR HOMES SECURE, AND OUR BUSINESSES PROTECTED.

HUMAN SUPPORT

AS ALWAYS, I AM DEEPLY COMMITTED TO SERVING THOSE IN OUR POPULATION WHO NEED US THE MOST: THE AGED, THE DISABLED, THE POOR. THE FISCAL YEAR 1983 APPROPRIATION REQUEST FOR HUMAN SUPPORT SERVICES IS $449.8 MILLION, 11 PERCENT MORE THAN THE ORIGINAL FISCAL YEAR 1982 LEVEL AND OVER A QUARTER OF OUR ENTIRE BUDGET. WE HAVE A DEPENDENT POPULATION IN D.C., ONE IN EVERY 7 PERSONS LIVING HERE IS IN POVERTY--COMPARED TO ONE IN EVERY 48.5 CITIZENS LIVING IN PROVERTY IN OUR SUBURBS.

THE HUMAN SUPPORT CATEGORY IS THE LARGEST IN OUR BUDGET BECAUSE OF NON-DISCRETIONARY COSTS, WHICH INCLUDE AN $18.7 MILLION INCREASE FOR MEDICAID; $2.1 MILLION INCREASE IN FOSTER CARE; $1.8 MILLION IN DAY CARE AND AN INCREASE OF MORE THAN $5 MILLION IN DISABILITY AND UNEMPLOYMENT COMPENSATION FUNDS.

ON A CONTINUING BASIS, WE PROVIDE AFDC ASSISTANCE TO 90,000 PEOPLE PER YEAR; FOOD STAMPS TO 40,000; EMERGENCY FINANCIAL ASSISTANCE TO 2,700; HOMEMAKER SERVICES TO 1,600; SHELTER TO 3,000 HOMELESS PERSONS; DRUG ABUSE SERVICES TO 48,000; 335,000 PATIENT VISITS AT COMMUNITY HEALTH CLINICS; 36,000 IMMUNIZATIONS; EMERGENCY MENTAL HEALTH TO 14,000 PERSONS; AND MANY MORE SOCIAL AND HEALTH SERVICES.

A NEW ENERGY ASSISTANCE PROGRAM, ADMINISTERED BY THE D.C. ENERGY OFFICE AND FUNDED AT $3.4 MILLION, PROVIDES CASH PAYMENTS TO LOW AND MODERATE INCOME HOUSEHOLDS TO HELP WITH UTILITY BILLS.

I AM PROPOSING $1 MILLION IN PROGRAM INCREASES FOR THE OFFICE ON AGING. I BELIEVE IT IS IMPERATIVE THAT THIS ENTIRE CITY GIVE THE RESPECT AND RECOGNITION SO RICHLY DESERVED BY OUR OLDER CITIZENS. THIS BUDGET WILL ENABLE US TO PROVIDE OUTREACH, MEALS, HOMEMAKER, HOME HEALTH AND TRANSPORTATION SERVICES TO OVER 10,000 ADDITIONAL ELDERLY CITIZENS.

ST. ELIZABETH'S HOSPITAL

THE REQUEST FOR ST. ELIZABETH'S HOSPITAL IS $23 MILLION, THE SAME AS FISCAL YEAR 1982. FUNDING REQUIREMENTS FOR ST. ELIZABETH'S IN FY 1983 ARE VERY UNCERTAIN AT THIS TIME. THE FEDERAL BUDGET HAS LEFT A GAP IN FUNDING FOR THE ST. ELIZABETH'S PROGRAM OF $61 MILLION; $11 MILLION IS TO COME FROM

FEDERAL AGENCY REIMBURSEMENTS WITH A POTENTIAL INCREASED LIABILITY OF UP TO $50 MILLION FOR THE DISTRICT.

IT IS CLEAR THAT LEGISLATION IS NEEDED TO CARRY OUT SOME OF THE PRESIDENT'S FUNDING CHANGES AS WE UNDERSTAND THEM. THESE INCLUDE THE ELIMINATION OF 3,900 POSITIONS AND THE ESTABLISHMENT OF A PUBLIC CORPORATION. HOWEVER, WE HAVE BEEN REQUIRED TO REMOVE OUR FUNDING CAP FROM THE FY 1982 APPROPRIATIONS LANGUAGE. THIS MEANS THAT EVEN WITHOUT LEGISLATION, THE DISTRICT COULD BE REQUIRED, THROUGH RATE CHANGES, TO PAY A MUCH GREATER SHARE OF THE HOSPITAL'S COST. WITHOUT A CAP ON OUR PAYMENT, STEEP INCREASES COULD BE IMPOSED OUTSIDE OF CONGRESSIONAL KNOWLEDGE OR REVIEW.

TRANSPORTATION

METRO IS RECEIVING AN $8.8 MILLION INCREASE, BRINGING THIS APPROPRIATION TO $93.1 MILLION, WHICH IS 68 PERCENT OF ALL THE DISTRICT'S TRANSPORTATION EXPENDITURES. WE WILL ALSO HIRE TWELVE ADDITIONAL PARKING ENFORCERS, TO GENERATE OVER $1 MILLION IN NEW REVENUES. WE ARE CONTINUING AT FULL STRENGTH OUR EFFICIENT DRIVER PERMIT ISSUANCE AND RENEWAL PROGRAMS, OUR MOTOR VEHICLE INSPECTION PROGRAMS, AND OUR NUMBER-ONE-RATED PARKING ENFORCEMENT PROGRAM.

PERSONAL SERVICES

THIS FISCAL YEAR 1983 BUDGET HAS A 5 PERCENT PAY INCREASE INCLUDED IN THE BUDGET OF EACH AGENCY. MOREOVER, $19.3 MILLION IS PROVIDED FOR FURTHER ALLOCATION AMONG AGENCIES. THIS STEP WAS NECESSARY BECAUSE MANY WAGE CONTRACTS WERE NOT FINAL WHEN THE BUDGET WAS APPROVED BY THE DISTRICT.

CAPITAL IMPROVEMENTS BUDGET

THE DISTRICT'S CAPITAL PROJECTS BUDGET, WHICH SUPPORTS ALL GENERAL FUND PROGRAMS, IS EXPECTED TO DECREASE BY 54 PERCENT. THIS SUBSTANTIAL REDUCTION RESULTS FROM OUR COMMITMENT TO EXAMINE COMPREHENSIVELY ALL EXISTING PROJECTS, TO FOCUS ON COMPLETING PROJECTS NOW UNDERWAY, AND REDUCE THE DRAIN OF INTERNAL RESOURCES IN THESE DAYS OF HIGH FINANCING COSTS. AVAILABLE FUNDING WILL BE USED, FOR THE MOST PART, TO FINANCE EXISTING CAPITAL PROJECTS. THE $84 MILLION REQUEST WILL FUND CAPITAL PROJECTS WHICH REHABILITATE EXISTING FACILITIES AND REPLACE BASIC SERVICES. SOME PLANNED CAPITAL IMPROVEMENTS ARE:

- STREET AND ROADWAY RESURFACING
- RECONSTRUCTION OF BRIDGES
- REQUIRED IMPROVEMENTS AT SEWER TREATMENT PLANT
- REPLACEMENT OF WATER AND SEWER MAINS
- METRORAIL AND METROBUS
- PUBLIC HOUSING RENOVATIONS
- CONVERSION OF SEVERAL SURPLUS SCHOOLS TO OFFICE SPACE
- PUBLIC WORKS INVESTMENT

REVENUE

I CONTINUE TO KEEP MY COMMITMENT TO DO EVERYTHING I CAN TO PREVENT INCREASES IN OUR MAJOR TAX CATEGORIES--DESPITE THE FEDERAL PROGRAM REDUCTIONS WE AND OTHER LOCALITIES ARE EXPERIENCING.

OF THE $118 MILLION IN BUDGET GROWTH IN FISCAL YEAR 1983 OVER THE FY 1982 SUPPLEMENTAL, NATURAL INFLATION-INDUCED REVENUE GROWTH ACCOUNTS FOR THE MAJOR PORTION OF IT. A TOTAL OF $25 MILLION WILL BE GAINED FROM LEGALIZED GAMBLING REVENUES. AN ADDITIONAL $6 MILLION WILL RESULT FROM THE SALE OF SURPLUS PROPERTY, WHICH HAS THE DUAL FUNCTION OF GENERATING FURTHER ECONOMIC DEVELOPMENT IN ADDITION TO RAISING REVENUE.

A TOTAL OF $14.6 MILLION WILL BE REALIZED FROM VARIOUS TAX AND FEE REVISIONS. THESE TAX AND FEE REVISIONS WILL ENABLE US TO FUND THE 1983 BUDGET'S NEW HOUSING PROGRAMS, AT $5.0 MILLION; JOBS PROGRAMS, AT $3.0 MILLION; AND ENERGY ASSISTANCE, AT $3.4 MILLION. SOME OF THE PROPOSED TAX MEASURES ARE CURRENTLY PENDING BEFORE THE DISTRICT COUNCIL. I CAN ASSURE YOU THAT WE WILL HAVE A BALANCED BUDGET USING THESE REVENUES OR MAKING BUDGETARY ADJUSTMENTS IF NECESSARY.

ALSO, A 20 CENTS ADDITION TO THE PRESENT 80 CENTS PER ROOM HOTEL OCCUPANCY TAX IS PROPOSED, WITH 40 CENTS OF THE $1.00 PER ROOM TAX TO BE EARMARKED FOR PROMOTION OF THE DISTRICT'S TOURISM AND TO AID FURTHER CONVENTION CENTER BUSINESS. THIS TAX IS EXPECTED TO PROVIDE MANY TIMES ITS VALUE TO D.C. CITIZENS AND BUSINESSES, IN JOBS AND INCOME.

WATER AND SEWER REVENUES

THE WATER AND SEWER FUND OPERATES ESSENTIALLY AS A PUBLIC UTILITY, PROVIDING WATER AND SEWER SERVICES TO THE DISTRICT AND SOME OF THE SUBURBS.

IN PARTICULAR, WE HAVE EXPERIENCED MAJOR COSTS TO MEET ENVIRONMENTAL PROTECTION AGENCY WASTEWATER TREATMENT STANDARDS. ON THE PLUS SIDE, THE POTOMAC RIVER IS FINALLY BECOMING THE GLORIOUS RIVER IT ONCE WAS IN CENTURIES PAST. TODAY THERE IS LITTLE OR NO ALGAE ON THE RIVER'S SURFACE. THE FISH CAUGHT FROM THE POTOMAC ARE NOW SAFE TO EAT, AND IF TRENDS CONTINUE, SWIMMING IN MANY PARTS WILL BECOME SAFE. NONETHELESS, SUCH PROGRESS IS COSTLY.

FOR FISCAL YEAR 1983, THE DEPARTMENT OF ENVIRONMENTAL SERVICES IS EXPERIENCING A $12.3 MILLION IN OPERATING COST INCREASES, FOR CHEMICALS, ELECTRICITY, AND OTHER RESOURCE MANAGEMENT COSTS. WE ARE EXPANDING OUR WATER COLLECTION STAFF. I AM PLEASED TO REPORT THAT THE NUMBER OF PROBLEM WATER BILLS, WHICH THREE YEARS AGO NUMBERED 48,000 HAS NOW BEEN REDUCED TO UNDER 300.

MR. CHAIRMAN AND COMMITTEE MEMBERS, YOU MAY READ ABOUT OUTRAGEOUS WATER BILLS, BUT BILLS WHICH ARE IN ERROR ARE NO LONGER COMMONPLACE, AS THEY WERE THREE YEARS AGO. TODAY THE ERROR RATE IS UNDER 1 PERCENT, AND EVERY DAY WE SEE STILL FURTHER PROGRESS IN TOTALLY CORRECTING AN ADMINISTRATIVE PROBLEM WHICH HAS BEEN WITH US FOR MORE THAN FORTY YEARS. MOREOVER, WE ARE COLLECTING 33 PERCENT MORE PER YEAR IN WATER AND SEWER REVENUES THAN WE DID IN 1979, EVEN AFTER ADJUSTING FOR RATE INCREASES. OUR MORE EFFICIENT COLLECTION SYSTEMS ARE YIELDING $35 MILLION IN WATER REVENUES TODAY, COMPARED TO $21 MILLION IN 1979. SO, AS YOU CAN SEE, WE ARE VASTLY MORE EFFICIENT TODAY.

FOR MANY YEARS THE DISTRICT HAS BEEN ACCUMULATING DEFICITS IN THE WATER AND SEWER FUND. WE ARE RECOMMENDING THE FOLLOWING TO CORRECT THESE PRACTICES:

- CHARGING D.C. AGENCIES WHICH CONSUME WATER, THEREBY TRANSFERRING $5.4 MILLION FROM THE GENERAL FUND INTO THE WATER AND SEWER FUND;
- TRANSFERRING $11.8 MILLION OF THE $24 MILLION IN DEBT SERVICE PAYMENTS FROM THE GENERAL FUND INTO THE WATER AND SEWER FUND;

THIS PLAN WILL ASSURE A BALANCED WATER AND SEWER FUND, AND, MOREOVER, IT WILL PRESERVE THE DISTRICT'S STATUS OF HAVING THE LOWEST WATER AND SEWER RATES IN THE WASHINGTON METROPOLITAN AREA.

AN AVERAGE LEVEL OF WATER CONSUMPTION (80,000 GALLONS) WILL COST $162.93 PER YEAR IN D.C., A $41 PER YEAR INCREASE FROM $121.59. THIS NEW WATER AND SEWER CHARGE WILL STILL COMPARE FAVORABLY WITH THE CHARGE OF $193.60 IN PRINCE GEORGES AND MONTGOMERY COUNTIES, $162.60 IN ARLINGTON, $172.56 IN ALEXANDRIA, $181.80 IN FAIRFAX COUNTY AND $250.31 IN FAIRFAX CITY.

ONCE A SIGNIFICANT PORTION OF WASTEWATER TREATMENT DEBT SERVICE COSTS CAN BE RETIRED, IT IS EXPECTED THAT THE WATER AND SEWER FUNDS WILL BECOME SELF-SUSTAINING, WITHOUT THE NEED FOR GENERAL FUND TRANSFERS.

CONCLUSIONS

THIS FISCAL YEAR 1983 BUDGET COMPLETES THE SUCCESSFUL IMPLEMENTATION OF MY THREE YEAR FINANCIAL PLAN, AND PROVIDES THE FOUNDATION FOR FUTURE SUCCESSES IN THE YEARS AHEAD.

BRIEFLY, HERE ARE A FEW HIGHLIGHTS OF OUR FINANCIAL GAINS:

- THE BARRY ADMINISTRATION HAS GIVEN PRIORITY ATTENTION TO JOBS FOR D.C. CITIZENS, HOUSING, CRIME PREVENTION, SENIOR CITIZENS SERVICES AND OTHER CITIZEN NEEDS;
- OUR BOOKS ARE AUDITABLE, FOR THE FIRST TIME SINCE 1790;
- WE HAVE STREAMLINED THE D.C. GOVERNMENT;
- EVERY BUDGET DESIGNED AND IMPLEMENTED BY THIS ADMINISTRATION HAS BEEN FULLY BALANCED. WE ARE NOW PAYING OFF THE DISTRICT'S ACCUMULATED DEFICIT, NOT ADDING TO IT;

- WE ARE NOW ABLE TO OFFER D.C. EMPLOYEES DECENT PAY INCREASES. OUR EMPLOYEES ARE REFLECTING INCREASINGLY GREATER COMPASSION, COMPETENCE AND COURTESY;

- WE ARE RESTRAINING TAX INCREASES.

THESE ECONOMIC TIMES ARE DIFFICULT ONES FOR US ALL. NONETHELESS, I LOOK FORWARD TO YOUR CONTINUED SUPERB COOPERATION IN MEETING TODAY'S CHALLENGES AND OPPORTUNITIES.

REDUCTION IN CRIME

Mayor BARRY. Mr. Chairman, let me just add that on the crime front, we've been very encouraged with the numbers. My own view is that one crime is one too many. But compared to last year we are down to about 0.9 percent in terms of the numbers of criminal activities.

Senator D'AMATO. I'd like to see, Mayor, if we can get into practice, and I know maybe it's unrealistic of me to say by July, but I would really like to see—maybe sometimes we have to shoot for targets that are unrealistic and goals that generally aren't attainable—maybe doing some business that is not usual. Let's do business that is unusual together, involving all of the sectors that I've indicated, so that at the end of July we can take a look and see how many people have we gotten off the street that otherwise would have been out on the street, and at the end of August we can take another look at that and in terms of July and August, we can see if it has made a difference.

Maybe it won't make a difference. I think it will. I think it can. And I certainly think we have to try it. So I thank you for your cooperation in this effort.

Mayor BARRY. One other aspect of the crime fighting problem, that I want to give the community a lot of credit is our neighborhood watch program. It has been fantastic.

Senator D'AMATO. By the way, that could be even more effective, because if the neighborhood knows that the guys who are committing some of these things are not only going to be arrested but they're going to be detained and they're going to be put away and they're not going to be back here to pry on them or to give them a tough time as a result of their cooperation, that program, I think, will even begin to have added results. So, I think it's the kind of thing we've got to focus in on.

QUESTIONS AND RESPONSES

I have some questions regarding the fiscal year 1982 supplemental that I will submit for responses for the record.

[The following questions were not asked at the hearing but were submitted for responses for the record:]

QUESTIONS SUBMITTED BY SENATOR D'AMATO

OFFICE OF THE DISTRICT OF COLUMBIA AUDITOR

SENATOR D'AMATO:
For fiscal year 1983 you are asking for an increase of three positions, for a total of 15. How will these new people be utilized?

MR. TROUPE:
Since the Office is relatively small, our staff responsibilities are not limited to a specific functional area. We estimate that one of the requested new positions will be devoted almost exclusively to the lottery and lottery related activities.

The other requested positions will be used in accordance with our plan to utilize staff resources taking into consideration additional programs and activities of the District Government. Our current plan assumes that 30 percent of staff time will be devoted to statutory requirements; 50 percent to discretionary financial and economy and efficiency audits; and 20 percent to research. Among areas which we believe require added emphasis are: financial analyses to support municipal bond certifications; increased assistance in preparing the District's annual audit; and more post audit financial review and analyses.

I would like to submit a copy of the Office's functional organization chart. This chart provides a graphic view of the Office of the District of Columbia Auditor and its responsibilities and activities.

SENATOR D'AMATO:
Mr. Troupe, you feel that a modest research capability is necessary. What type of research are you talking about and what percentage of staff time will be devoted to this area?

MR. TROUPE:
Mr. Chairman, I believe that added research capability is necessary to understand and to provide essential background and perspective to many of the issues that confront the City. Among the areas where I feel the research component can be useful are: development of information to support bond proposals, review of borrowing requirements, review of legislation and legislative impacts, development of current and historical budget and accounting data, and needs analysis to evaluate current and proposed programs.

Our current plan is to devote approximately 20 percent of staff time to research and general support activities.

SENATOR D'AMATO:
The Auditor's office expects to expand its abilities as a result of the District's bond financing program. How much of your resources will be directed toward bond

questions concerning the elimination of the accumulated deficit and how much toward entering the Capital bond market.

MR. TROUPE:
As I noted earlier, we expect to utilize 20 percent of our staff time in research and general support activities. The actual amount of time devoted to the bond financing program cannot be fully determined at this time. We expect an increase in activity in this area however because of Federal Government plans to terminate the District's authority to continue to borrow from the U.S. Treasury after fiscal year 1983.

Our focus would not be toward elimination of the accumulated deficit or toward the City entering the bond market. These questions would clearly be the responsibility of the Mayor and the City Council. Our focus would be on independent analysis that confirms borrowing requirements, and revenue analysis that indicates the City's revenue to debt service relationship. These analyses would lead to the Auditor signing bond certifications as required by Section 603 (b)(3) of Public Law 93-198.

SENATOR D'AMATO:
On page AC-2 of your justifications you list several acts and agencies for which the office is required to perform financial audits. However, we notice that the only one that apparently reimburses you for this service is the Convention Center Board. Do any of the others?

MR. TROUPE:
No. The Convention Center Board is the only one that reimburses this office at this time.

SENATOR D'AMATO:
Do you have the authority to seek reimbursement -- if not, do you think you should have the authority?

MR. TROUPE:
The Auditor can be reimbursed for the statutory required audits by establishing intra-District agreements with District agencies. However, I believe that the audit activity should be funded primarily though the District's approprated budget to maintain the integrity and effectiveness of an independent operation. The level of audit activity should not be dependent on financial considerations or priorities of District agencies.

The Washington Convention Center and the Lottery and Games Board are special situations in that they will operate outside of normal District Government operations. As we have noted in the budget justifications, the implementation and expansion of the lottery may require additional resources beyond our current estimates to assure that our statutory requirements are met. We plan to establish an intra-District agreement with the Lottery and Games Board so that any increases in costs will be paid for by that activity.

SENATOR D'AMATO:
Once the Auditor issues a report and receives the comments of the affected department or agency what type of follow up to your recommendations exists. In other words, what procedures exist to insure that your recommendations are either implemented, modified or determined to be inappropriate?

MR. TROUPE:
The Mayor must by statute report in writing to the Council within an appropriate time actions taken on recommendations of the D.C. Auditor. We also follow up informally and from time to time conduct follow up audits.

SENATOR D'AMATO:
On June 30, 1980 an audit of the Boxing and Wrestling Commission found that internal audit procedures needed to be improved and that enforcement of sales tax laws needed improvements. Are you now satisfied with the steps taken to improve these areas?

MR. TROUPE:
No. In our most recent audit of the Boxing and Wrestling Commission dated May 7, 1982 we noted that internal procedures needed improvement and that the Commission needed to enforce D.C. Law 1-20 regarding the filing of late reports and collection of fees. The Department of Licenses, Investigations and Inspections in commenting on our report noted that the Department and the Commission will develop internal and follow-up procedures. Subsequent review by this office should determine if satisfactory improvements have been accomplished.

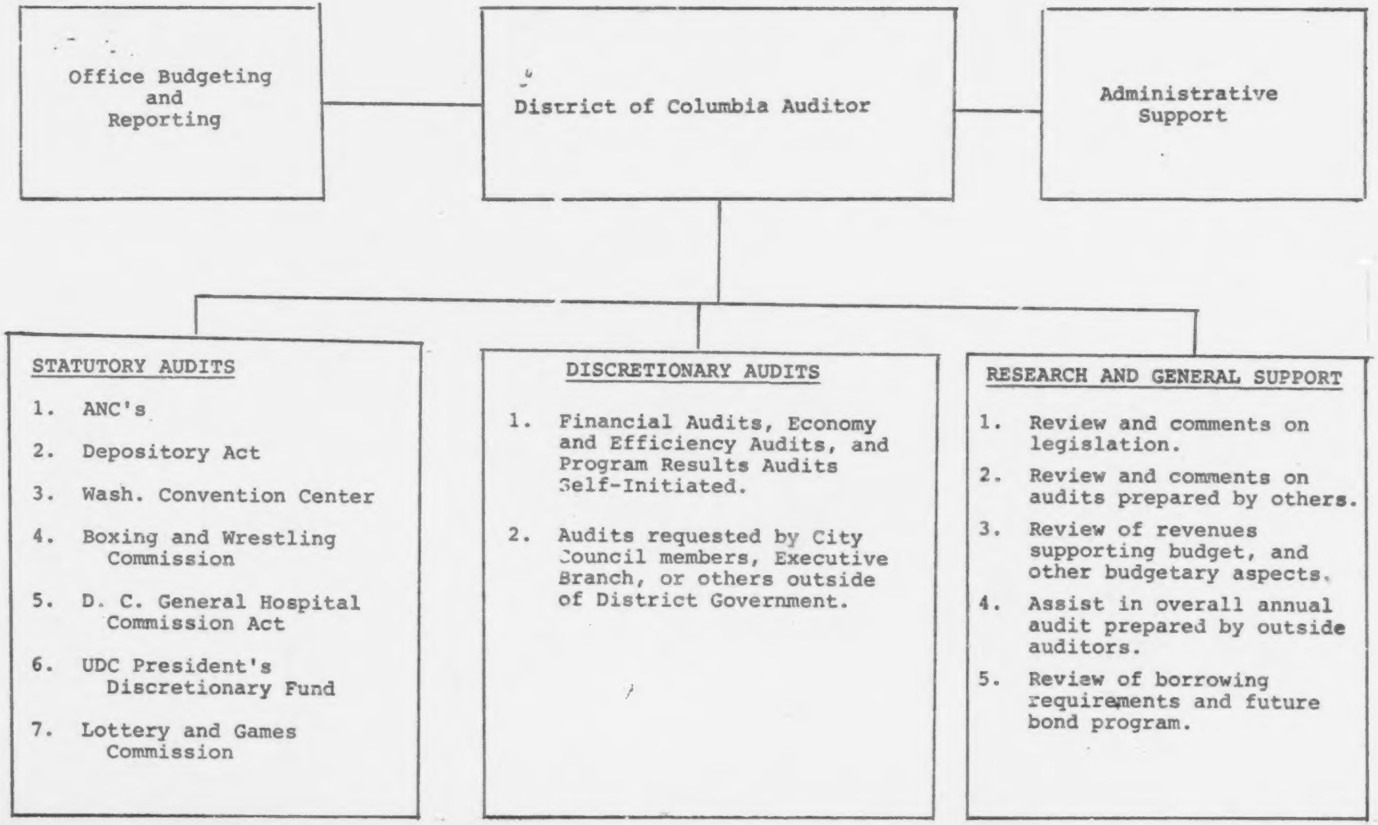
Regarding sales taxes, improved coordination between the Commission and the Department of Finance and Revenue has resulted in satisfactory collections.

SENATOR D'AMATO:
Also in a report on the District of Columbia Development Corporation on May 13, 1981 it was found that standardized procedures for the sale and disposal of property had not been established. Have those procedures now been established to your satisfaction?

MR. TROUPE:
No. Senator D'Amato, the Auditor has broad powers of inquiry and investigation but very little substantive authority in the area of enforcement. In a subsequent audit on the "Acquisition and Renovation of 1133 North Capitol Street", dated November 13, 1981, we recommended that the D.C. Development Corporation be required to develop and adhere to a written procurement policy and that all sales and leases of the Redevelopment Land Agency property be reviewed and approved by the City Council.

Legislation has been proposed to allow for limited Council review of RLA dispositions.

OFFICE OF THE DISTRICT OF COLUMBIA AUDITOR
FUNCTIONAL ORGANIZATION CHART



STATUTORY AUDITS

1. ANC's
2. Depository Act
3. Wash. Convention Center
4. Boxing and Wrestling Commission
5. D. C. General Hospital Commission Act
6. UDC President's Discretionary Fund
7. Lottery and Games Commission

DISCRETIONARY AUDITS

1. Financial Audits, Economy and Efficiency Audits, and Program Results Audits Self-Initiated.
2. Audits requested by City Council members, Executive Branch, or others outside of District Government.

RESEARCH AND GENERAL SUPPORT

1. Review and comments on legislation.
2. Review and comments on audits prepared by others.
3. Review of revenues supporting budget, and other budgetary aspects.
4. Assist in overall annual audit prepared by outside auditors.
5. Review of borrowing requirements and future bond program.

OFFICE OF THE MAYOR

SENATOR D'AMATO:
The positions in the Mayor's office has been maintained at the same level since 1981. Has the workload also remained the same?

DWIGHT CROPP:
No. Clerical and administrative workload has steadily increased for the immediate Office of the Mayor, and consequently for the Mayor's Special Assistants. Much of this increased workload is reflected in the rate of incoming telephone calls, Mayoral correspondence and, typically, invitations. Moreover, as staff capabilities increase, the number of new Boards, Committees and Commissions; special projects; and, the legislative/administrative projects (i.e. implementation of Gambling Commission, Statehood Convention) requiring executive support and supervision seems to increase proportionately.

SENATOR D'AMATO:
Explain what the additional $794,700 will be used for in the fiscal year 1983 budget.

DWIGHT CROPP:
Of the $794,700 increase included in the Mayor's appropriation request $750,000 or 94% is being requested to fund the Victims of Violent Crime Compensation Act of 1982 (D.C. Act 4-158; dtd. 02/09/82). These funds were placed in the immediate Office of the Mayor as a result of City Council action. Should this act be approved by Congress and the funds appropriated, such funds would be transferred to the D. C. Office of Criminal Justice Plans and Analysis for administration, and included in the appropriation request of that office in subsequent fiscal years. Under no circumstance will funds authorized for this act be used to defray staff or operating costs incurred by the immediate Office of the Mayor. The remaining $44,700 amount is being requested to establish several part-time positions, and to fund benefits associated with these. This includes a legal research position and several legal interns whom we propose to place on part-time appointments and will receive supervision from the Mayor's legal counsel.

OFFICE OF INSPECTOR GENERAL

SENATOR D'AMATO:
1. Would it or would it not be feasible to have a once a year audit of all of the City's operations in order to deter fraud and abuse?

MS. BLALOCK:
1. Federal and District laws (P.L. 94-399 and D.C. Code 47-119) require an annual audit of the financial operations of the District government by a certified public accountant. These audits are performed to render an opinion on the District's financial statements which includes all of the city's operations. Any deterrant effect this audit may have on fraud and abuse is difficult to identify. The best deterrant to fraud and abuse is

strong, effective internal controls. The primary purpose of the Office of Inspector General (OIG), as set forth in Mayor's Order 79-224, is to more effectively prevent or correct fraud, abuse, waste, and mismanagement in the programs and operations of the government of the District of Columbia. To meet these requirements the OIG performs internal audits and investigations on an ongoing basis. OIG internal audits deter fraud and abuse by evaluating internal controls and recommending improvements. A strong and constant internal audit function is imperative because the District provides the full range of state, county and city services through the operation of numerous and diverse programs utilizing about 35,000 employees. The District has total assets in excess of $5.5 billion and an annual budget approaching $2 billion. All of these are controlled by a complex and sophisticated financial management system which requires continuous monitoring and evaluation.

SENATOR D'AMATO:
2. Would an audit save you some of the expense of later having to perform a full scale investigation, or would it be more expensive?

MS. BLALOCK:
2. A strong internal audit function is a basic tool of good management serving to insure the adequacy of internal controls, which in turn is a first-line defense against fraud and abuse. The merging of audit and investigative functions into the Office of Inspector General, in the District as well as in the Federal agencies, enhances both functions. The results of internal audit work are used by investigators to reduce the time and cost of investigations. Vulnerability assessments of District operations and programs disclose those areas most susceptible to fraud and abuse for focusing of OIG audit resources. However, there will continue to be instances where full-scale investigations are required. In addition to ascertaining whether administrative action or prosecution referrals are warranted, the OIG makes recommendations to management for corrective action. The Office works with management to prevent future instances of misconduct or illegality. Thus, systemic improvements lead to increased productivity and savings of resources.

SENATOR D'AMATO:
3. How efficient is the Inspector General's Office in detecting fraud and patient abuse in the Medicaid Program? What percentage do you estimate you uncover within a year, if any?

MS. BLALOCK:
3. The District's Medicaid Fraud Control Unit was established pursuant to the Medicare-Medicaid Anti-Fraud and Abuse Amendments (P.L. 95-142) to support the investigation and prosecution of provider fraud and patient abuse in State Medicaid programs administered under Title XIX of the Social Security Act. Recipient fraud is the responsibility of the District of Columbia Department of Human Services (State Agency). The Medicaid Fraud

Control Unit became operational on July 28, 1980. The U.S. Department of Health and Human Services provides 90% of the Unit's funding. In the past, provider fraud and patient abuse statistics were not available from the State Agency to permit the Office of Inspector General to make an accurate assessment of the Medicaid Fraud Control Unit's detection of provider fraud and patient abuse in the District's Medicaid program. The State Agency is currently implementing a new Medicaid Management Information System which should provide the information necessary for the Office of Inspector General to make such assessments in the future.

OFFICE OF THE EXECUTIVE SECRETARY

SENATOR D'AMATO:
How much revenue do you expect to receive from publication fees?

DWIGHT CROPP:
We project that between sixty and seventy thousand dollar ($60,000 and $70,000) will be realized from publication fees.

SENATOR D'AMATO:
Will the purchase of the word processing and other leased equipment save the District of Columbia money? Can you justify what the difference will be for purchasing rather than leasing equipment?

DWIGHT CROPP:
Yes. Leasing costs are exceeding 20% per annum over purchase price. As long as the word processing equipment that is purchased is software-upgradable we do not face the problem of obsolescence for a minimum of 5 years. In view of the high cost of word processing equipment, the savings that may be realized through capitalization of leased equipment - depending on the number of units - would equal 20 - 30% of the funds available for equipment and equipment purchase (object class 70) by the Secretariat in future fiscal years.

OFFICE OF THE CITY ADMINSTRATOR

SENATOR D'AMATO:
The reduction in federal funds will reduce your fiscal year allocation of positions from 30 to 10 for the fiscal year 1983. How do you plan to function adequately with such a drastic reduction in force?

MR. ROGERS:
The FY 1983 budget request assumed that the federal government would not award several grants to the D.C. Energy Office and associated positions for these grants would be reduced from 30 to 10. The loss of these grants would greatly restrict the city's ability to carryout energy conservation programs, energy extension services, and energy audits. Current information suggests that federal funds maybe available for these programs and if so, no positions will be eliminated.

SENATOR D'AMATO:
What type of positions will be eliminated?

MR. ROGERS:
If federal funds are reduced the types of positions to be eliminated are energy related administrative, project level, field staff and clerical support positions.

SENATOR D'AMATO:
In your budget submission you are requesting 24 positions, what will these 24 positions entail? Will these positions help to alleviate the work load that will be created by federal budget cuts?

MR. ROGERS:
Of the 24 requested appropriated positions, six (6) are for the personal staff of the City Administrator, five (5) provide administrative, clerical, accounting, procurement and budgetary support for agencies within the Office of the City Administrator, and twelve (12) are for Productivity Management Improvement. None of the positions will help to alleviate the workload created by federal budget cuts.

SENATOR D'AMATO:
Has there been an increase in the work load within the City Administrator's division? If so, explain the additional obligations.

MR. ROGERS:
There has been no structual increase in workload or change in responsibilities within the Office of the City Administrator.

OFFICE OF INTERGOVERNMENTAL RELATIONS

SENATOR D'AMATO:
The Office of Intergovernmental Relations has a rather large mandate, representing the District before the Council, the Federal government and the Congress, and a very small staff of 9. How much staff time, in percentage terms, is spent on your various responsibilities.

MS. WASHINGTON:
While it is difficult to respond in percentage terms, given the occasional overlapping responsibilities of the staff, at least 75% of staff time is spent on Council Affairs and related matters, with the remaining time divided between Congressional and Regional Affairs.

SENATOR D'AMATO:
Are there any areas where you think the Office could do more or be more effective in representing the City's interests? What would it take to do that?

MS. WASHINGTON:
The District's interests could be more effectively represented if this Office had additional staff to monitor and comment on the numerous pieces of Congressional legislation significantly affecting the District.

SENATOR D'AMATO:
The Committee understands that the Office maintains a file of all bills introduced in the Council plus hearings and committee reports. Isn't this more appropriately the responsibility of the Council? Do they have a similar system, and if so, why is it duplicated in your Office?

MS. WASHINGTON:

It is necessary for the Office to maintain files on each bill introduced in the Council because we have been delegated the responsibilities for preparing Mayor's Orders to implement all legislation enacted by the Council. Moreover, one of our key responsibilities is to finalize executive agency comments on all legislation introduced by Council members. This information includes fiscal impact analysis, legal review, as well as potential problems relating to implementation. Our files are more expansive than those of the Council and are used by Council staff as well as other officials to research legislative history.

SENATOR D'AMATO:
Your budget request shows a net decrease of $10,400 in personal services, how will this be possible while maintaining the same staff level? Are all 9 positions currently filled?

MS. WASHINGTON:
This is possible by leaving vacant a DS-13 position until the savings of $10,400 is achieved.

SENATOR D'AMATO:
Indirect Cost Recovery Revenue in the amount of $105,000 is expected. Please explain the source and reasons for this revenue?

MS. WASHINGTON:
Indirect cost monies are allocated by the City to selected agencies for predetermined services.

SENATOR D'AMATO:
One of your goals for the coming fiscal year is to expand your responsibilities in representing the District to the White House and Congress. Again this is to be done without increasing staff. Clearly other responsibilities will have to suffer, unless productivity levels are to be improved. How will this goal be met?

MS. WASHINGTON:
This goal will be met by the continued and successful implementation of a number of office management devices, combined with the presence of a mature staff that is well-versed and experienced in the art of the legislative process.

OFFICE OF BUDGET AND RESOURCE DEVELOPMENT

SENATOR D'AMATO:
Mrs. Mack, OBRD is divided into three divisions, how many staff are assigned to each division?

MRS. MACK:
In FY 1983 the Office of Budget and Resource Development will operate with a total of 61 positions. Of this total 49 are authorized continuing full-time positions funded through the appropriation. The agency will receive an additional 12 positions through intra-District sales. The positions are allocated as follows:

The Office of Budget and Resource Development organizationally consists of an executive office and three divisions. Within the executive office a staff of 14 performs several functions among which are all of the administrative activities of the organization, the community participation program, the legislative review operation and the coordination of Financial Management System activities for the office. Of the 14 positions 11 are funded through the appropriation; three are funded through intra-District sales.

There are 29 positions assigned to the Budget Operations Division. Twenty-five of these positions are appropriated; the other four are intra-District sales positions. These employees are responsible for budget formulation and presentation; justification of the budget to the Council, President and Congress; and administering the budget in accordance with budget approvals.

The Fiscal Policy and Planning Division operates with seven positions, six of which are funded through the appropriation. The remaining position is an intra-District sales position. These employees carry on long-range planning activities and special policy analyses in addition to the preparation of the District's Multi-Year Plan. The compilation of information for supplementary budget documents, a charter requirement, is a responsibility carried out by the division.

The Resource Development Division with its 11 positions maintains the District's grants information system and serves as the A-95 clearinghouse for all grant applications submitted in the District of Columbia. Of the 11 positions assigned to this division, seven are funded through the appropriation, with the remaining four being funded through intra-District sales.

SENATOR D'AMATO:
The Budget Operations Division conducts regular reviews of agency budget status. How often is this done? Also how are agency apportionments enforced?

MRS. MACK:
The Budget Operations Division works with agencies' budgets on a daily basis in the discharge of its responsibilities for budget establishment, execution and monitoring. On a monthly basis, the division in conjunction with the Office of the Controller, reviews agency spending as compared to budget, while a comprehensive review/audit of agency spending plans, actual obligations, revenue recognition and budgets is conducted each quarter.

The daily interface with agencies consists of activities such as reviewing and analyzing requests for adjustments to personnel ceilings; monitoring obligations and expenditure data in the Financial Management System (FMS) for accuracy and consistency with the control budget; and reviewing and analyzing reprogrammings and other budget modifications which effect revenue budgets or intra-District sales budgets.

The process for enforcing agency apportionments flows in this manner:

(1) Once the appropriation level has been set, agencies are instructed on the proper allocation of their resources. Prior to entry of these allocations into FMS, they are approved by the Budget Operations staff.

(2) Subsequent adjustments to these allocations are governed by guidelines set forth in the FY 1980 Conference Report and the Reprogramming Policy Act of 1980, D. C. Law 3-100. The division monitors agency adherance to the guidelines through the review and analysis of modification requests, its monthly reprogramming report and its monthly/quarterly reviews of expenditures and revenue recognition trends.

(3) The monthly/quarterly reviews of agency spending and revenue patterns are used to ascertain potential problems related to overobligation of authority and to develop courses of action to prevent their occurrence either through management initiatives budget modifications or requests for supplemental authority.

SENATOR D'AMATO:
OBRD is operating a community participation program, which is laudable, however, why is a special outreach program needed? Can this sort of thing be handled through the ANCs?

MRS. MACK:
The Office of Budget and Resource Development has a history of community outreach activity. The complexity of the District's budget and its importance to our citizens has necessitated that the Budget Office provide citizens direct access to information on the budget. The office has held periodic community workshops and update sessions, participated in community meetings and forums, and has responded to the inquiries of individuals and groups on an ad hoc basis. Our continuing objective is to inform the public of significant budget issues, to make the budget understandable to the layman, to hear citizens' concerns and suggestions and to answer their questions. In recent years, the increased level of citizen participation in the District government and the crucial nature of budget decisions have required that a formal outreach process be initiated.

In 1979, Mayor Barry established the Mayor's Advisory Committee on Resources and Budget. This committee created a formal process whereby citizens could participate in the planning and development of the annual budget. Approximately 330 citizens now serve on the Advisory Committee. Budget Office personnel act as resource persons to the subcommittees, and agency staffs offer assistance in interpreting agency budgets. After fact finding about resources, programs and spending and learning about the budget process, the Committee is to advise the Mayor of the budgetary and programmatic priorities and concerns of District citizens. This information will give valuable guidance to the Mayor in making budget decisions.

The Advisory Committee is composed of an 81 member Steering Committee that is appointed by the Mayor. Nine of these members, the eight chairpersons for the subcommittees and the Advisory Committee Chairman, constitute an Executive Committee. In addition, approximately 250 volunteer citizens participate in the subcommittee structure, which is where the major work of the Advisory Committee is performed. The Executive Committee is responsible for the basic program planning for the Advisory Committee. Since the Executive Committee members are also subcommittee chairpersons, they collectively function in close contact with the entire Advisory Committee membership and can bring its ideas before the planning body.

Activities of the Advisory Committee include the following:

- Quarterly full Advisory Committee meetings and meetings of the Steering Committee, the Executive Committee, and the Subcommittees as needs warrant;
- Community workshops and forums;
- The development and dissemination of surveys and questionnaires;
- Combined meetings with a full range of community groups such as Advisory Neighborhood Commissions, the D. C. Federation of Civic Associations, other citizens associations, educational organizations, unions, churches, the Council of Hispanic Agencies, numerous coalitions, and community service organizations;
- Testimony and observation at local and Federal public hearings;
- Convening and conducting forums with District officials;
- Ward, precinct, and District-wide meetings;
- Development of a citizens' workbook for participation in the FY 1982 and FY 1983 budget process.

These activities require an organized effort that goes beyond the ability of Advisory Neighborhood Commissions to carry it out.

The work of the Advisory Committee is augmented by prior forms of outreach activities. Budget staff still respond to community requests for written material, for participation in meetings and forums and for answers to specific inquiries. The activities of the Advisory Committee and a great deal of the other outreach activity is coordinated by the Community Liaison Office.

In contrast, the Advisory Neighborhood Commissions (ANCs) have the responsibility for advising the District government on a broad range of matters of public policy such as planning, transportation, social service programs, health, safety and sanitation, especially as they relate to their respective neighborhood commission areas. Programs in individual ANC district's tend to reflect the needs and priorities of that particular community. The types of programs ANCs may undertake include organizing for crime prevention; funding programs to provide limited work opportunities for youth; mobilizing citizens when decisions regarding zoning and economic development have a direct impact on the community, and providing materials and information for activities such as clean-up campaigns in neighborhoods and program development in areas such as education, recreation, and community development. There are 36 chartered ANCs, made up of 365 single member districts.

If ANCs were to assume the budget outreach activities that our staff now performs they would have to make the budget a priority for their districts whether there was the immediate concern or not. In addition, the Budget Office would have to train the 365 ANC members in much the same way that we train the members of the Advisory Committee. Our office would have to provide resource support to 365 separate ANC districts instead of the eight subcommittees we now have. Working through the ANCs would increase the complexity of our task and would infringe on their duty to serve the specific interests of their respective ANC districts.

The Budget Office's outreach program deals specifically with helping citizens understand the budget well enough to advise the Mayor of their priorities for spending the District's revenues. Through this effort, the Mayor, the Budget Office and agency level staff gain valuable insights into citizens' real concerns for services, spending and raising revenues for the District. Citizens gain the opportunity to take part in the budgetary function of their government through a direct link that is sanctioned and supported by the Mayor and all of the District's agencies.

SENATOR D'AMATO:
Special policy analysis of improvements in the budget process and financial planning and budgeting procedures are conducted by the Fiscal Policy and Planning Division. What type of studies does the division currently have going on? Have you ever considered a budget procedure other than the use of a base and incremental increases or decreases, where each aspect must be annually justified?

MRS. MACK:
The Fiscal Policy and Planning Division is currently analyzing or implementing five modifications to planning and budgeting procedures. As part of its responsibility for preparing multi-year expenditure forecasts, the division at this writing is developing the fiscal year 1984 current services budget. This budget shows what it would cost in fiscal year 1984 if the District provided the same services and met the same requirements which are contained in the fiscal year 1983 budget. The current services budget which is by design an incremental budget serves as a benchmark against which is measured the fiscal impact of program changes made in formulating the final budget recommendation. In preparing the 1984 forecast, the division is trying to improve the analytical content of the forecast and increase the planning horizons of both the central and agency budget staffs. Rather than just rely on agency submissions, this year joint work sessions focusing mainly on forecasts of nondiscretionary expenditures have been held involving agency budget and program personnel and staff from the Office of Budget and Resource Development. Extensive estimating notes have been prepared which are reviewed by the work session participants. Both the dialogue and the documentation have already improved the analytical quality of the forecasts and will provide a basis for further budget review and adjustment until fiscal year 1984 ends.

There are other benefits from these joint analyses. Better communication is established between agency budget and program staff. Program staff see the importance to the fiscal planning process of providing good management information and program measures, and they gain a stake in doing so since they are actually involved in the process. Over the coming year the joint forecasting work sessions will be extended to selected types of discretionary expenditures.

The second major improvement to budgeting procedures which is currently under development by the Fiscal Policy and Planning Division is related to both the joint forecasting and the firmly established financial review process which focuses on the control or current year budget. The objective of this project is to link the two processes so that the outyear implications of the current year review and forecasts are readily seen as are the future year implications of measures taken to control current spending. In essence, merging the two processes will result in a forecast which constantly rolls forward, tracing the details of current budget trends and analyses into out-year budget forecasts. Particular attention will be paid to developing intra-office procedures and automation so that the extensive data manipulation will consume less time and the facility for asking "what if" questions can be enhanced.

Related to the improvements in the forecasting area is a third project in the Fiscal Policy and Planning Division which is focusing on strengthening the performance measuring system. Starting with the nondiscretionary expenditures programs, a series of indicators is being developed which, to the extent possible, best describes both the nature of the program activity and the reasons for month to month and year to year fluctuations in program expenditures. The indicators are not exactly measures of how well a given program achieves its stated objectives but they are intended to give some insight as to the relative efficiency with which we carry out a mission over time. The new performance measures will improve budget presentations and justifications and thus facilitate analyses of the budget by the Council, the Congress and the public. Since many of the measures are determinants of spending levels, they will be used in both forecasting and budget control. It is expected that a supplementary automated sub-annual system for reporting these measures will be developed.

A fourth project of the Fiscal Policy and Planning Division examines the District's budget process and alternatives to the exceedingly lengthy budget calendar, the unwieldy dual legislative review and the substantial lack of flexibility vis a vis budget adjustments. This study, which is currently being reactivated after a period of several months, looks at the role of the Congress in the line-item review of the District budget and the annual appropriation of the Federal payment. The general hypothesis is that there is an alternative to the present substantial resource allocation to budget production and review, and that this alternative will not only permit the investment of more energy and talent in budget analysis and formulation and advance fiscal planning but will also assure Congressional oversight in those areas where Congress is especially concerned.

The fifth project focusing on improving budget procedures and financial planning is an adjunct of the division's responsibility for preparing financial plans for the enterprise funds. Starting with the fiscal year 1981 amendment separate financial plans were prepared for the Water and Sewer Fund and, although informally, for the Convention Center Fund. Working with the Controller's Office these two financial plans became estimated income statements which followed the same accounting logic used in the year-end financial statements. For the Water and Sewer Fund this meant that a series of year-end adjusting entries had to be estimated as far ahead as 22 months before the fiscal year was actually closed out. Formulating enterprise fund financial plans on an accounting basis is important because it is necessary to trace the impact of budget actions on the eventual financial statements for rate setting purposes and sound financial management. In the future, the division plans to study how some of this estimating can be automated, especially where operating expenses are related to capital expenditures. In addition the division will be analyzing how enterprise fund budgeting in general can be made more flexible and be accomplished outside of the rather rigid appropriations process. This part of the study will also examine the Council and Congressional oversight roles and the experience of other state and local governments as they have adopted for their enterprise funds the budgeting procedures followed by private business.

The current District budget process does not analyze increments to base budgets exclusively. While such a method is used because it is a proven analytical technique and both the Council and Congress require such justification, the District's budget process is designed to utilize a range of budget techniques which focus substantial attention upon the programs represented by the budget base in addition to changes.

No jurisdiction with which we are familiar reviews each aspect of the budget annually. The resources to accomplish such a task are not available to any state or city. Further, significant portions of every budget are not susceptible to analysis because they are required by contract or law (e.g., debt service, Metro, Medicaid, etc.). In most jurisdictions budget processes focus upon areas in which an impact can be made and in which decisions are flexible. Such areas generally constitute less than 1/3 of a budget.

The District's detailed budget justifications present a great deal of information about each department and agency. While some of that information does explain the changes from the prior year's budget, the budget also offers a comprehensive look at all agency programs, the agencies' goals and objectives, indicators of service levels and descriptions of the program impacts of funding decisions.

In addition to the information which is reflected in the printed budget documents, the budget process also develops a massive amount of additional data which is used in making budget decisions. Such data stresses the impact of alternative funding levels upon agency service levels. Specifically, agencies are asked to explain, in program terms, what services would be affected by reductions in agency funding of 10 percent or increases in agency funding of 5 percent. These impacts are described in terms of small increments and priorities are established for making reductions or providing additional resources.

Further, the entire budget process and the decisions which result from it are guided by overall policies and program priorities which are established at the beginning of each year's considerations. Such policies and priorities result from an overall projection of the cost of providing current services in the next and future fiscal years and the resources currently available. This multi-year plan (MYP) is then analyzed and strategies are developed to balance budgets by reducing expenditures or raising revenues. In addition, some attempt is made to assess the program impacts of revenue generating suggestions is made.

The budget process of the District, which is as advanced as that used by any state or city, develops a great deal of information about agency programs and finances as well as changes from the prior year's approved budget. A wide range of techniques is used to analyze the information generated which results in the budgets which are submitted to the Council and Congress. While some information does explain changes from last year's budget, it is clear that the District budget process does focus comprehensively on programs.

SENATOR D'AMATO:
You have reduced your base by $15,000 associated with one DS-7 Budget Assistant position. Which division is this position assigned to and why isn't the number of authorized positions reduced by one?

MRS. MACK:
One DS-7 Budget Assistant position within the Resource Development Division of the office will not be funded during FY 1983. Funding for this position was recommended by the Mayor but was not approved in the final District budget. The position was retained in order to allow the agency flexibility in case resources become available to fill the position.

SENATOR D'AMATO:
Telephone costs increase in OBRD by $15,500. Why is this and what are the costs city-wide by agency? What percentage increase is this over 1981 and 1982?

MRS. MACK:
The $15,500 increase in communications in the FY 1983 budget for OBRD represents an anticipated increase in telephone rates and costs associated with the maintenance of financial management system terminals.

The C & P Telephone Company was granted a 19.6 percent increase in telephone rates by the Public Service Commission which took effect on December 31, 1981. The overall increase to the District agencies amounts to approximately $750,000 for FY 1983.

OFFICE OF FINANCIAL MANAGEMENT

SENATOR D'AMATO:
1. What effect on the implementation schedule of the Financial Management System (FMS) will the action of the District Council deleting $3,126,000 for this purpose have?

MR. HUMBER:
1. The action of the City Council deleting $3,126,000 from the Office of Financial Management's proposed fiscal year 1983 budget will have the effect of slowing down progress and perhaps reversing major gains the District has made in fiscal years 1981 and 1982 in executing the "Plan for Concluding Projects of the Financial Oversight Commission" adopted by the Commission on April 8, 1981.

Included in the April 8th disengagement plan was the requirement for significant additional funding on a 50/50 shared basis between the Congress and the District to develop and implement aspects of the FMS needed by the District and intended by the Congress, but not begun by the Financial Oversight Commission. Without the fiscal year 1983 funding, the entire FMS is in jeopardy. The District will continue to rely of necessity on contractor assistance to maintain the highly technical aspects of the system. Major design flaws in the FMS application programs which the District planned to correct as part of the disengagement plan will have to be postponed or altogether eliminated, endangering our accounting, disbursing, payroll, and revenue collections. Needed systems modifications and new developments planned but not yet funded in the areas of source-of-funding budgeting, grant accounting, payroll/personnel/labor distribution interface, and vendor control will go untouched. This will continue to leave FMS as a marginally useful resource and will eliminate any possibility of FMS becoming a truly workable tool for the District. The system will remain largely undocumented and, as more time passes, will become undocumentable.

SENATOR D'AMATO:
1a. What was the Mayor's request for fiscal 1983 and how much was spent in FY 1981 and FY 1982?

MR. HUMBER:
1a. The Mayor's request to the City Council in fiscal year 1983 was for $3,126,000. This assumed a 50/50 match by the Congress for a total budget to address FMS issues of $6,252,000.

The FOC plan called for $13,793,000 in combined resource availability for fiscal years 1981 and 1982, although not more than $7,600,000 of FOC resources remained to be allocated to the District. Because of the uncertainty of additional resources, the District targeted existing funds to critical plan items such as taking over the FMS systems maintenance and production from FOC contractors, development and production of new FMS reports, revamping and simplifying grant information, and selective user training in budget, source-of-funding acccunting, basic and advanced data entry and error correction. In fiscal year 1981, the District spent $2,532,495 of the remaining FOC resources. For fiscal year 1982, the District has committed the balance of $4,867,505 to critical FMS activities. In addition, the District spent approximately $670,000 of its own resources in fiscal year 1981, and has committed $2,677,000 of fiscal year 1982 District resources as part of its continuing commitment to improve FMS.

SENATOR D'AMATO:
2. The Council's report refers to performance problems with FMS. Would you briefly detail the most critical of these problems and the status of the solution.

MR. HUMBER:
2. In the initial year of operation, there were a number of performance problems; these have now been corrected to tolerable levels through a number of efforts:

a. On-line performance of FMS was unsatisfactory due to computer hardware problems. A number of improvements have been made, including significant upgrading of the air conditioning, employment of an operations manager and an on-site engineer, maintenance of the computer by a single vendor, and a new cleaning contractor for the site.

b. Agencies were heavily dependent on the on-line system to enter and correct documents and transactions. A new procedure has been established through which agencies enter documents even when the system is "down," have them edited and held for overnight processing. Agencies are now far less vulnerable to the vagaries of the system.

c. Initially, the system appeared to commingle appropriated with grant funds, and failed to report clearly all spending by fund source. A procedure has been established which identifies all spending by fund source and circumvents certain assumptions in the system design. Controls by fund source are still inadequate, but this is a design fault which must be addressed in the long term. In the meantime, there are now adequate reports of spending by fund source for agency financial review.

d. Initially, the city's payroll system did not engage correctly with FMS (whose planned new payroll system has not been developed). The current payroll system has now been modified, and the labor distribution system which integrates the payroll with FMS has been improved, so that payrolls are now accurately and dependably posted to FMS.

e. Initially, the system did not provide agencies with satisfactory information. Using a working committee of agency users, old reports have been eliminated or modified, and significant new reports developed, which provide using agencies with adequate information.

In general, the system is working within tolerable limits. Key city agencies such as OBRD and the Controller are able to conduct their essential activities within the system; the external audit for FY 1981 was conducted satisfactorily using FMS exclusively. Agencies have learned the system by experience--in lieu of a formal training program--and are able to use the system without the confusion and difficulty which they encountered at the outset.

There remain a number of critical design features and elements which must be re-engineered or newly developed. These are described in detail in the reports to the Financial Oversight Commission, and include changes to the budgeting system, the capital outlay system, grants management, and certain spending controls. In addition, a new payroll/personnel system must be developed to work in conjunction with FMS. These, however, are design problems, not performance problems.

PUBLIC EMPLOYEE RELATIONS BOARD

SENATOR D'AMATO:
1. Do you have some means of compensation for the 5 part time board members?

CHAIRMAN WIRTZ:
1. Yes. Compensation for members of the Public Employee Relations Board is established by the Comprehensive Merit Personnel Act (D.C. Code Section 1-612.12) "...at the rate of $250 per day, or $31.25 per hour, whichever is less..." Board Member compensation is included in the FY '83 Budget Request under "Regular Pay - Other".

SENATOR D'AMATO:
2. What will the $12,800 net increase be used for?

CHAIRMAN WIRTZ:
2. The $12,800 net increase will be used to fund salary adjustments and corresponding fringe benefits, to pay duplicating machine rental charges and to update the library research capability for case processing.

SENATOR D'AMATO:

3. Who makes up this five member board?

CHAIRMAN WIRTZ:
3. The Board currently consists of:

Willard Wirtz, Chairman
Nicholas Zumas, Member
Barbara Whiting-Wright, Member
Marsha A. Echols, Member
David W. Wilmot, Member

SENATOR D'AMATO:
4. How often do they meet?

CHAIRMAN WIRTZ:
4. The Board meets regularly once each month and more often when necessary to deliberate matters pending before it. This has been necessary on numerous occasions during fiscal years 1981 and 1982.

SENATOR D'AMATO:
5. Give a breakdown of the cases you have had since 1981 and the final decision made on these cases.

CHAIRMAN WIRTZ:
5. All final decisions are issued and published as Opinions of the Board and have been filed with the Committee.* In some instances, matters which are filed with the Board are subsequently settled by the parties with or without Board assistance and are withdrawn. In other instances, matters are determined by the Boiard to be improperly filed and are dismissed. **FY '82 figures reflect circumstances at this time.

	FY'81 Est.	FY'82 Planned	*Certifications/ Decisions Issued		Dismissed or Voluntarily Withdrawn	
			FY'81	FY'82**	FY'81	FY'82**
Arbit. Appeals	2	4	2	1	0	0
Impasse Cases	3	7	2	4	0	1
Represent. Case	17	18	22	8	2	4
Stand. of Cond.	2	2	1	1	1	0
Unfair Labor	18	21	11	5	3	2
Compensation	1	0	1	0	0	0
Negotiability	0	0	0	1	0	0

SENATOR D'AMATO:
6. If the Mayor doesn't have control over this board, who does?

CHAIRMAN WIRTZ:
6. While the Comprehensive Merit Personnel Act established the Board as the District government's independent and neutral agency responsible for resolving labor relations disputes, the Mayor appoints (and removes) Board members and establishes the Board's budget with the approval of the Council. The Chairperson is designated by the Mayor and is the chief executive officer of the Board. The Executive Director is appointed by the Board and is the principal administrative officer responsible for day to day operations and such other duties as assigned by the Board.

ADVISORY NEIGHBORHOOD COMMISSION

SENATOR D'AMATO:
1. Were the expenditures for 1981 higher or lower than 1980? If higher what percent? If lower what percent?

MR. CROPP:
1. The expenditures for fiscal year 1981 were $625,500, a 3.7 percent increase over the $603,000 expended during fiscal year 1980.

SENATOR D'AMATO:
2. You are requesting an increase over the 1982 budget, how do you anticipate using this increased amount?

MR. CROPP:
2. The FY 1983 request of $1,724,000 represents an increase of $789,300 over the FY 1982 appropriation of $934,700. The current level adequately provides for office rental, office space, supplies and other operating needs. In addition, the current level provides funds for various community programs of different types. These projects will differ according to the needs and priorities of that particular community. A sampling of various ANC programs follows:

> Organizing their communities in the area of "Crime Prevention" by sponsoring workshops and forums, in conjunction with the Police Department, to provide appropriate information and direction.
>
> Funding programs within their areas to provide (limited) work experience opportunities for youth.

Providing services to senior citizens, i.e., transportation and recreational type activities and programs.

Effectively mobilizing citizens when decisions regarding zoning and economic development have a direct impact on a specific neighborhood.

Conducting studies within the commission area to determine traffic flow patterns, residential parking needs, public transportation utilization and the impact on the community.

Provide materials and information for:
a) sponsoring clean up campaigns in neighborhoods
b) program development in the areas of education, recreation and community development.

Increased funding will provide ANCs with additional capacity in all areas of spending including operating costs, communications such as community workshops, newsletters, etc. and community programs. The 36 Commission areas as well as the 365 single-member district representatives are diverse in their composition and priorities. Therefore, the increase in spending will probably follow the current spending patterns.

SENATOR D'AMATO:
3. Will you provide a table with the breakdown of the total expenditures by expense categories for 1981?

MR. CROPP:
3. The following table indicates by expense category the total expenditures made by Advisory Neighborhood Commissions (ANCs) during fiscal year 1981. The difference of $33,169 between the $625,500 disbursed by the District Government and the $619,331 expended by ANCs would reflect funds remaining in ANC bank accounts at the end of the fiscal year. Since quarterly allotment checks are not released until the D.C. Auditor has reviewed the financial report prepared by each ANC for the previous quarter, some retained funds are required for cash flow purposes during the time lag.

Expenditures By Expense Category for FY 1981

Expense Category	Expenditure
Staff Expenses	$244,769
Out-of-Town Travel	464
Local Travel/Parking	1,687
Office Rent	72,027
Telephone	15,556
Postage and Delivery	25,734
Utilities	13,148
Printing and Duplicating	31,875
Purchase of Services	67,019
Office Supplies and Expenses	31,673
Office Equipment	29,342
Other	86,037
Total	$619,331

METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS

SENATOR D'AMATO:
Please submit to us a description of how you will use the additional $15,700.

MR. BORKO:
The additional funds from the District of Columbia will be combined with revenues from other participating member governments of the Council of Governments to support such projects as:

(1) Working towards the implementation of recommendations intended to improve the region's response to emergencies and natural disasters;

(2) Further activity toward strengthening the area's economy, including the development of tools for economic planning and expansion of Work Education Council activities;

(3) Assistance to local governments and regional agencies in the more efficient disposal of refuse, sewage and sewage sludge;

(4) Assistance to area local governments in reducing housing costs through the initiation of experimental programs for more efficient use of existing housing stock;

(5) Completion of tests leading to a reduction of noise associated with National Airport; and

(6) Increased direct technical service to individual local governments desiring assistance in fields ranging from computerized financial management programs to help in assessing local needs and development of a variety of types of appropriate planning to meet them most effectively and efficiently.

SENATOR D'AMATO:
Has the percentage of contributions from various sources in support of this (COGs) program changed since 1981 and 1982?

MR. BORKO:
The Council of Governments has, along with many other governmental agencies and units, suffered reductions on Federal support due to the national budget cuts. The local governments in the Washington area that makeup the COG membership, however, have maintained and increased their financial support of the Council.

OFFICE OF EMPLOYEE APPEALS

SENATOR D'AMATO:
1. You are requesting 4 additional positions for FY '83. Will these positions help alleviate the backlog of appeal cases?

MS. BANKS:
1. At the present time, this Office has no backlog of cases, inasmuch as all appeals have been assigned to Hearing Examiners and are in various stages of our adjudicatory process. However, we believe that our decision-making can be expedited with the addition of four (4) additional staff positions. The specific reasons in support of our request are as follows:

Since the Office functions as a quasi-judicial agency, the 1983 budget request includes funding to allow the Office to establish two (2) additional clerical positions as well as two (2) additional Hearing Examiner positions. Like the courts, this agency receives and generates a large number of pleadings, motions, notices and other documents which place a heavy burden on OEA's administrative support unit which has never been fully staffed. The Office has, in the past, compensated for the staff shortcomings by requiring the professional staff to perform clerical functions. In addition, the Office has had to rely heavily on clerical support obtained through a program operated by the D.C. Public School System which provides high school students on a part-time basis.

The Office is of the opinion that the clerical responsibility placed on Hearing Examiners limits their ability to timely adjudicate appeals and is clearly not a cost effective procedure. Also, it is unclear at this time whether OEA will be provided student assistance in FY 1983; even should such assistance be provided, the Office believes it should not be in the posture of relying on part-time, high school student workers to meet its clerical needs.

The two additional Hearing Examiners positions will assist the Office in handling our projected caseload of 1,500 cases. As noted above, our present staffing, now at minimum levels, adversely impacts upon our ability to issue well-reason decisions within a short period of time. Without this additional staffing, we will indeed find ourselves with a backlog and with truly unreasonable delays in arriving at decisions.

SENATOR D'AMATO:
2. How much of a backlog do you presently have?

MS. BANKS:
2. As indicated in answer number one (1), the Office has no backlog of cases. All Petitions filed with this Office to date have been assigned to Hearing Examiners and are proceeding to decision.

SENATOR D'AMATO:
3. You estimate that you will process 1,500 cases during FY '83. How many cases do you receive in a year, based on your 1981-82 historical data?

MS. BANKS:
3. During 1981-82, which was this Office's first year of operation, the Office received approximately 400 cases. However, the estimate of 1,500 cases is based on the number of cases previously processed by the D.C. Office of Personnel (200), and the number of cases appealed to the Merit System Protection Board (400) in FY '81.* To that total of 600 appeals which

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* The Merit Personnel Act, D.C. Code Ann. §1-606.3 (1981), provides for employee appeals to be adjudicated by the Office of Employee Appeals (OEA). However by contract, effective January 1, 1980, the District of Columbia Government and the Merit Systems Protection Board (MSPB) agreed that MSPB would provide appellate services for District employees until OEA became operational. This Office became operational on December 4, 1980.

were processed under the prior administrative employee appeals system, another 200 estimated appeals were added because the Merit Personnel Act allows employees to appeal performance ratings, privacy and records management matters and classification actions which were not previously appealable. Additionally, based upon the experience of the federal Merit Systems Protection Board (MSPB), a caseload increase of 25% (approximately 200 cases) was projected during OEA's second full year of operation (FY '82). Another 200 cases were added in anticipation of a greater number of appeals than those taken presently. These cases were added in contemplation of additional appeals as a result of our new and independent personnel system, and new procedures, rules and regulations which will be instituted. The remaining balance (300) reflects the increased number of appeals anticipated from collective bargaining agreements presently being negotiated by the District.

It should be emphasized that MSPB's experience has shown that depending on the complexity of the case, a Hearing Examiner should be required to carry no more than 60 cases per year. The Office presently has 5 full time Examiners; thus, if our caseload were to increase to even 100 cases above our present level, at least two additional Examiners would be necessary.

SENATOR D'AMATO:
4. During an appeals process, will an individual be allowed to continue his/her present job function in case of a dispute within the department?

MS. BANKS:
4. Generally, the filing of an administrative appeal with OEA does not stay the decision of the Agency effecting the adverse personnnel action. Under the Merit Personnel Act, Section 1-615. 4. (C), D.C. Code ANN. (1981), the filing of an administrative appeal with OEA of a decision regarding a "performance evaluation" does not stay the decision of the acting Agency. Also under Section 1-617.3.(C), administrative appeals of adverse actions and grievances do not delay the effective date of the decision by the Agency. OEA believes that these provisions of the Merit Personnnel Act exhibit the City Council's intention that the effective date of Agency actions not be stayed pending appeal.

SENATOR D'AMATO:
5. Explain how the appeals process works and what steps are taken before going to the Appeals Board.

MS. BANKS:
5. The Office of Employee Appeals (OEA) is an independent and quasi-judicial agency whose operations are comparable to those of MSPB, our federal counterpart. OEA is responsible for adjudicating District Government employee appeals of District Agency decisions effecting the following personnel actions:

(a) performance evaluations;
(b) adverse actions;
(c) reductions-in-force;
(d) grievance resolutions;

(e) appeals affecting erroneous employee payment;
(f) records management and privacy of records appeals, and
(g) classification appeals.

The filing of a Petition for Appeal initiates the adjudication of an appeal by OEA. Once an appeal is filed, the Office requests the Agency to respond to all allegations raised in the Employee's Petition. Thereafter, the appeal is assigned to a Hearing Examiner who then schedules a Pre-Hearing Conference and full Hearing, if necessary. At the conclusion of those proceedings, a verbatim transcription is made and the Examiner drafts an initial recommendation for Board action. Unlike MSPB, the initial recommendation of an OEA Examiner cannot become final unless the Board acts. Appeals are adjudicated by a three member Board panel. Once the Board panel issues an initial decision, the parties may either appeal the decision to the full Board through a Petition for Review and/or Reconsideration or take an appeal to the Superior Court for the District of Columbia. It should be noted that before OEA can assume jurisdiction over an appealable personnel action, an Employee must have completed an internal Agency review, which results in the Agency issuing a final Agency decision regarding the personnel Action. The time period for completing the internal Agency review procedures varies, and is beyond the control of OEA.

SENATOR D'AMATO:
6. How long does it take before a case can come before the Appeal Board?

MS. BANKS:
6. Presently, decision-making by the Board can take no less than six months. Once an appeal is filed in the Office, the internal docketing and review process takes approximately five (5) days. The Office then requests the Agency response to the Petition for Appeal which, pursuant to Section 602.6 of the Office Rules, must be filed with OEA within fifteen (15) days. Once the response is received, the appeal is assigned to a Hearing Examiner who reviews the case file and contacts the parties to schedule a Pre-Hearing Conference. The time for setting our Pre-Hearings varies, since the Office attempts to set a date which is mutually convenient for the parties, but can be scheduled as early as 15 days after the Examiner first contacts the parties.

Pre-Hearing matters are reviewed by the Examiner, and if a complete record has been made, the Examiner may proceed to a decision at that point. However, if after Pre-hearing the Examiner determines that a full Hearing is necessary, the parties are again contacted to arrange a mutually convenient date. Office Rules (Section 612) provide a fifteen (15) day notice period for all Hearings unless the parties agree to an earlier date. After Hearing and after a written transcript is prepared, the Examiner proceeds to draft his/her recommendation and presents it to a Board panel for decision.

SENATOR D'AMATO:
7. What percentage of the employees express satisfaction with the actions of the Appeals Board?

MS. BANKS:
7. Since to date, only two employees have filed Petitions for Review with the Board, and because no employees have filed an appeal of OEA's decision to the Superior Court, the Office can only assume that employees are satisfied with the actions of the Office.

SENATOR D'AMATO:
8. With this percentage, does it seem as if the Appeals Board is duly justifiable?

MS. BANKS:
8. In promulgating the Merit Personnel Act, the Council of the District of Columbia acted to assure that the District of Columbia government had a modern, flexible system of public personnel administration, and established an impartial and comprehensive administrative procedure for resolving employee appeals. Subchapter VI of the Act created the Office of Employee Appeals and set out the Office's statutory responsibilities. Further, the Congress, in adopting the Home Rule Act, required the Council to adopt a comprehensive merit system of personnel management which guaranteed certain benefits to incumbent District employees. Inasmuch as incumbent employees had administrative appeal rights to the former federal Civil Service Commission and to its successor agency, MSPB, the Council of the District of Columbia created OEA for the purpose of continuing those rights. Thus, OEA is an important link in the "at least equal to" policy of the Merit Personnel Act, in that its existence ensures that District government employees receive all "due process rights" in the adjudication of their appeals. Therefore, the establishment of the Office of Employee Appeals is undeniably justifiable.

SENATOR D'AMATO:
9. Who makes up the Appeals Board?

MS. BANKS:
9. The Board of the Office of Employee Appeals is composed of five members appointed by the Mayor and confirmed by the Council of the District of Columbia. Section 1-606.1 (a) of the Merit Personnel Act requires that the members of the Office have demonstrated knowledge concerning personnel management or labor relations. The term of office for the Board members is six years. The five current members of the Board are:

Ms. Sharon P. Banks, Chair
Mr. George Weaver
Ms. Inez Cain
Ms. Elizabeth D. Maloney
Mr. Ron M. Linton

TEACHERS RETIREMENT ANNUITY FUND

SENATOR D'AMATO:
1. The sum of $51,400,000 requested in this fund for 1983. How does this break down?

MR. HIGGINS:
1. The $51,400,000 FY 1983 appropriation request for the Teachers Retirement and Annuity Payments consists of $44,300,000 in Net-Pay-As-You-Go amount (estimated gross benefit payments during FY 1983 less estimated actual teachers retirement withholdings during FY 1983) and $7,100,000 in Inflation/Amortization amount (actuarially estimated amount necessary to keep the growth of the system's unfunded actuarial liability at the same rate as the assumed inflation rate).

SENATOR D'AMATO:
2. How many annuitants are expected in 1983, both retired Teachers and Survivors? Also, what is the average benefit?

MR. HIGGINS:
2. It is estimated that during FY 1983, 71 service retirees, 23 disabled retirees, and 15 survivors will be added to the annuitants rolls. For FY 1983 it is projected the average annuities to be $19,111 for service retirees, $13,811 for disabled retirees, and $6,850 for survivors.

SENATOR D'AMATO:
3. In 1982 the amount requested and allowed was $60,220,900, has this amount been adequate? If not, why not and how will it be made up?

MR. HIGGINS:
3. The $60,220,900 amount appropriated for FY 1982 includes, as the District contribution to the Teachers Fund, $43,900,000 in Net-Pay-As-You-Go amount, $13,170,000 in Inflation/Amortization, and $3,150,000 amount attributable to the FY 1981 cost of the teachers' early-out program not funded in the FY 1981 appropriation. The $43.9 million in Net-Pay-As-You-Go plus the projected $12.9 million in employee contributions should have been adequate to cover annuity payments during FY 1982. However, more current estimates based on actual benefit payments for the first six months of the fiscal year indicate there will be a shortfall (the difference between the amount budgeted and actual benefit payments) of approximately $6.4 million at the end of the fiscal year. In addressing this funding deficiency, the District Government has taken the position that the amount originally budgeted as the "Net-Pay-As-You-Go cost" is the amount which will be paid to the Funds, no more and no less. The Board recommends a different approach which could avoid both significant underpayments and overpayments of the Net-Pay-As-You-Go costs. Under this approach, the original actuarial projections could be revised with the passage of time to reflect more up-to-date information concerning number of retirements, benefit levels, mortality rates, employee contributions, etc. These revised projections, which almost certainly will be more accurate, then could be reflected in the amended and supplemental budget of the District. The Board views this approach as certainly permissible, and arguably required, under existing law.

SENATOR D'AMATO:
4. What is the source of the $900,000 in Intradistrict Revenue?

MR. HIGGINS:
4. The $51.4 million FY 1983 appropriation request represents the District/employer pension contribution to the Teachers Retirement and Annuity Fund for Public School teachers whose salaries are paid

from the Board of Education's General Fund appropriation. Similarly, there are some teachers working for the Board of Education on programs funded by Federal grant revenues. The salaries and fringe benefits of these teachers are charged against these Federal grants. The $900,000 represents an estimate of the agency/employer pension contribution costs to be charged to the Federal grants for those Federal grant funded positions. After these costs are incurred, the amounts are reimbursed by the Federal Government to the Board of Education which transfers them to the Teachers Retirement Fund as an Intradistrict revenue.

FISCAL 1982 SUPPLEMENTAL
OVERVIEW

SENATOR D'AMATO:
1. The City is requesting a supplemental appropriation of $63,871,400 in the general fund. However, the increased revenue estimate only shows an increase of $63,657,000, please explain the $214,400 difference?

MRS. MACK:
1. Revenues financing the fiscal year 1982 General Fund appropriation were estimated at $1,590,612,000 and exceeded the sum of the $1,586,297,600 appropriation and estimated $4,100,000 permanent authority requirement by $214,400. The $63,871,400 supplemental appropriations request is financed by using this $214,400 excess of revenues over requirements plus the $63,657,000 increase in estimated General Fund revenues that resulted from the March, 1982 estimate revision. Expenditures and estimated revenues in the supplemental request were both reduced by $14,700,000 which is a reimbursable payment of benefits to Federal police participating in the District police and fire retirement system.

SENATOR D'AMATO:
2. Also, a capital outlay of $10,555,000 is requested for Eastern High School modernization. What is the source of these funds?

MRS. MACK:
2. The $10,555,000 budget authority for the Eastern High School modernization is part of the fiscal year 1982 supplemental request in the capital budget area. Capital funds to pay for this project will come from long-term U.S. Treasury loans.

SENATOR D'AMATO:
3. In addition, an additional $774,000 is made available from the Washington Convention Center Enterprise Fund for the convention center. Are the added revenues the result of pending authority or enacted authority? If pending, when is enactment assumed to realize $774,000 in 1982?

MRS. MACK:
3. The additional budget request of $774,000 for the Convention Center will be financed with revenues from the existing business taxes allocated to the Convention Center Enterprise Fund. Legislation to raise the hotel occupancy tax from 80¢ per room per night to $1.00 was approved by the District Council on June 8, 1982 but will not become effective until October 1, 1982 when, as intended, it will help finance Center needs for fiscal year 1983.

OFFICE OF PERSONNEL

SENATOR D'AMATO:
In the request for the Office of Personnel 100 additional positions are requested along with $1,314,600. To date the number of positions assigned to the Office is 298, however, in 1983 the request is for 361. This is 37 less than 298 plus 100.

1. Please explain.

MR. GUTIERREZ:
1. The supplemental request is for $1,314,600 relating to 100 existing encumbered intra-District positions - no additional positions are included in the supplemental request. The FY 1983 request is for 361 appropriated positions - an increase of 63 as follows:

FY 1982 Base	298
New positions in lieu of expiring intra-District positions	53
Transfer of positions from:	
Metropolitan Police	6
Fire Department	2
Additional positions - Labor Relations function	3
Transfer to Employment Services	-1
	361

SENATOR D'AMATO:
2. Were these positions and funds supposed to be transferred from other departments during 1982 as part of the personnel consolidation? If so, why weren't they and what has happened to the positions and funds allowed for those other departments - aren't corresponding decreases required?

MR. GUTIERREZ:
2. The consolidation of personnel and related funding in FY 1982 involved only appropriated resources in other agencies and departments. The positions in question were allocated to and funded primarily by federal grants prior to centralization of personnel. Intra-District funding has been provided for a portion of FY 1982 from the original funding source agencies. However, changes and reductions in federal funding has limited available intra-District funds to $765,017, requiring the additional requested amount for full year support of these positions. Funds and positions have been requested in FY 1983 to replace these expiring non-appropriated positions and corresponding decreases are not required.

DEPARTMENT OF GENERAL SERVICES

SENATOR D'AMATO:
Within the Department of General Services $400,000 additional is required to complete work on the Lansburgh Building. To date, we have provided $1.3 million for this task. Will this be the final requirement and when will it be completed?

MR. HENSON:
We hope that this will be the final request regarding major improvements in this facility. However, I must point out that the equipment and fixtures in this building are old and antiquated and, in many cases, are obsolete.

The work will be completed within 90 days after approval of our supplemental request.

SENATOR D'AMATO:
Who owns the Lansburgh Building? Does the District get a price break on the square foot cost of the lease for doing nearly $2.0 million in renovation?

MR. HENSON:
The building is owned by the Pennsylvania Avenue Development Corporation, and yes we do get a price break, up to a certain limit, for doing these renovations. Specifically, for the period from July 1, 1979, to January 31, 1982, we have been allowed to write-off $1,307,000 for renovations in lieu of rent payments. This large write-off was allowed for the initial upgrading of the building, however, effective February 1, 1982, we will be allowed only $100,000 a year in capital improvements write-offs.

BOARD OF ELECTIONS AND ETHICS

SENATOR D'AMATO
The Board is requesting an increase of $100,000 to $1.8 million in 1982. Of this amount $60,000 is for temporary personnel, yet no additional positions are requested.

1a. Please explain and indicate how many are clerical and professional positions.

MR. FILOSOFOS
We are not, at this time, requesting any permanent increase to the total authorized permanent strength. However, there is need to review and re-write software programs that are totally acceptable and efficient for our present procedures with Data Entry and SHARE's facilities in order to accommodate effectively the approximately 50,000+ transactions to update our master file. We need one additional temporary programmer (professional) for approximately 60 days and three (3) Data Entry personnel (professional) who will be responsible for implementation and maintenance of our new on-line system. Also, there is a need for approximately three (3) more months of twenty (20) intermittent personnel (clerical) to help sort, evaluate, update, code our original records and prepare material for update to the computer.

SENATOR D'AMATO
How much of personnel request are required exclusively to solve problems encountered during last year's election and how much to prepare for the implementation of the new on-line voter registration system?

MR. FILOSOFOS
The total request of approximately twenty (20) intermittent employees (clerical) and one programmer (professional), plus permanent

Board of Elections and Ethics' employees to recode past year election problems. We are presently completing our contract with Diamond International for the completion of our on-line voter registration system, free of charge. But upon completion of this implementation and training, we must make a determination if additional training is needed. The cost of this training is $350 per day, plus expenses by Diamond International's personnel. At this time, it is an unknown amount.

SENATOR D'AMATO
What is the on-line versus the current system? And when is it scheduled to be operational?

Of the $30,000 request for ADP contract support, how much is required to prepare for this year's elections and how much to prepare for the on-line system?

MR. FILOSOFOS
3a. On-line system means immediate and accessible information at your fingertips. This on-line system will allow us to register a voter when he presents himself to the Board of Elections and Ethics within two (2) minutes and by a Mail Registration Application within twenty-four (24) hours. This can be accomplished when we have updated and verified our records.

3b. We have hired outside Data Entry personnel at a cost of approximately $2,400, a programmer at a cost of $8,000, intra-District ADP Support at a cost of $17,000 and overtime for regular employees approximately $10,000. It is difficult to separate the two objectives. The personnel, contracts and agreements cover both because we intend to operate parallel systems for a brief period during which time each will be used to validate the other.

SENATOR D'AMATO
Of the 36 positions allocated to the Board, how many are vacant as of May 31, 1982 or filled by an "acting" individual? Please list those position titles.

MR. FILOSOFOS
Part of the Board of Elections and Ethics itself deals with the registration of voters and the conduct of elections, which has only twenty (20) positions at present. At present, all positions are filled and many have been changed in areas of responsibility. The other positions are in the Office of the General Counsel (4) and the Office of Campaign Finance (12), which do not have anything to do with the conduct of elections.

SENATOR D'AMATO
How many of the remaining employees have been there six months or less?

MR. FILOSOFOS
All except the Executive Director who has been here only six weeks.

SENATOR D'AMATO
What is the average length of service in the agency of those currently employed?

MR. FILOSOFOS
Approximately 6 or 7 years.

SENATOR D'AMATO
Do you feel that it is wise to undertake a corrective action, prepare for an election and implement a new voter registration and computer system at the same time?

MR. FILOSOFOS
Yes, without hesitation we must do it!

SENATOR D'AMATO
Will the new system be more or less expensive, in terms of personnel as well as other costs, to operate than the old system?

MR. FILOSOFOS
It will be more expensive in regards to personnel because of change of responsibility in work assignments, but it will be overall less expensive as to the total budget expenditure because we will be more efficient.

SENATOR D'AMATO
It appears that the District Auditor and GAO do not have the same understanding of the role of the Government Employees Insurance Company (GEICO). GAO indicates that they will insert missing voter information and remove duplicates, however, the Auditor indicates that they will simply compile one list from several.

8a. Which is it and please provide documentation of your answer.

MR. FILOSOFOS
First of all, it is my determination that the snafu in the 1981 elections was not caused by computer problems, but rather because of the inefficiency of the Board of Elections and Ethics' employees in updating the records to the computer from 10/6/80 to 11/81. I would say that 80% of the records were not entered, nor modified, changed nor updated during this time.

The service Geico did for the Board of Elections and Ethics was important that it took all the previous update tapes produced by the Board of Elections and Ethics and compiled them into one master tape with a maximum amount of bona fide registered voters. With this information, we have been able to review the information on the Geico tape, correct it and modify it, and we are using it as our basis to begin to build a bona fide record of all registered voters in the District of Columbia.

There is no documentation, per se, other than my oral explanation to you as to what we are doing and how we hope to put the records of the Board of Elections and Ethics back on track so that we can conduct a fair and equitable election this coming September.

SENATOR D'AMATO
What is the total estimated cost of correcting all procedural, management and computer software problems identified since the last election?

MR. FILOSOFOS
The total estimated cost of correcting all procedural, management and computer software problems identified since the last election is $77,000.

SENATOR D'AMATO
Please break them down by component.

MR. FILOSOFOS
It is broken down as follows:

Intermittents (regular hours - WAE) -	$40,000
Programmer	8,000
Outside Vendor (Data Entry) Contract	2,400
Intra-District ADP Support (SHARE and Department of Finance and Revenue)	17,000
Regular employee's overtime	10,000
	$77,000

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

Senator D'Amato:
An increase of $3,495,800 is requested for the Low Rent Housing Operations. Please place the breakdown on pages 25 and 26 of your budget request into the record along with the amount provided to date in 1982 for each item.

Mr. Moore:
Following is the breakdown of Low Rent Housing Budget from all sources of funding including the Federal Subsidy, rental collections, the Home Energy Assistance Program (HEAP) and the requested FY 1982 Appropriated Supplemental:

Senator D'Amato:
Why such a large increase in tenant and private management contracts?

Mr. Moore:
Including all sources of funding there has not been an increase in tenant and private management contracts. in FY 1981 these contracts totaled nearly $2.5 million. However because the Department's utility costs were less we were able to pay for these contracts with subsidy funds. In FY 1982 we had to use subsidy funds for utility costs and are therefore, requesting appropriated funds for some of the Department's contractual costs.

Senator D'Amato:
Also requested is $948,000 for abatement of nuisances. The total estimated need in 1982 is $1.9 million, how does that compare to previous years and your 1983 request?

Mr. Moore:
In FY 1981 $910.0 was available for the code 5 513 Program. However the need was greater than the funds available and the Department ceased operation of the program except for imminent life threatening hazards in May, the eighth month of the fiscal year. Without a supplemental appropriation the same policy would prevail beginning in April of FY 1982. In FY 1983 there is projected to be available from appropriated funds and repayment of assessments approximately $1,015.0.

Senator D'Amato:
How do you do with the collections for these repairs on

private buildings? How much is outstanding and for how long, what is the percentge collected annually?

Mr. Moore:

We have received approximately $160,000 per year in FY 1981 and FY 1982 from assessments against properties. The current law went into effect in 1979 and property owners, under the tax code, effectively have two years from the date of the property tax sale to satisfy the levy. However levies tend to accumulate on some buildings because when offered at the tax sale there are no bidders and the property remains in the name of the original owner. Further, there are properties involved in bankruptcy proceeding which cannot be offered for sale. These levies will be satisfiedd only when the property is finally sold and the title is transferred requiring satis$action of all outstanding liens. Typically such properties have other types of liens outstanding in addition to the 5/513 levies.

According to the Department of Finance and Revenue, which assesses the property and collects the levy, the following amounts are currently outstanding: $1,472,430 for the period October 1, 1979 through March 31, 1982.

FISCAL YEAR 1982 ALLOCATION OF REVENUES FOR LOW RENT HOUSING

Fund Source	11 & 12 Salary	13 Bonus Prem. Pay	14 Fringe	20 Supplies Materials	30 Utilities/ Energy	40 Contract Service	60 Improv.	70 Equip.	Total
Subsidy	10,204.7	6.2	1,110.3	83.5	6,958.4	1,891.9	-	250.0	20,505.0
Rent	-	-	-	-	10,789.4	-	-	-	10,789.4
HEAP	-	-	-	552.6	.5	895.3	-	200.0	1,648.4
SUPPLEMENTAL	-	600.0	-	553.5	-	1,917.3	105.0	320.0	3,495.8
TOTAL	$10,204.7	$606.2	$1,110.3	$1,189.6	$17,748.3	$4,704.5	$105.0	$770.0	$36,438.6

DEPARTMENT OF LICENSES, INVESTIGATIONS AND INSPECTIONS

SENATOR D'AMATO:
1. Sixteen temporary positions and $160,000 is requested to eliminate the backlog in the issuance of certificates of occupancy. How long will it take to reduce this backlog and what caused it in the first place?

MS. THOMPSON:
1. Currently there is a backlog of some seven (7) to nine (9) thousand applications. The certificates of occupancy backlog has existed for several years and was created by several factors. First, depending upon the building's proposed use as listed on the certificate of occupancy application, three to seven inspections may be required by four different agencies. This inspectional process as conducted by the four agencies is fragmented and uncoordinated and results in a lack of uniformity in enforcing codes and inspectional requirements; an unreliable data base; widespread overlapping between agencies on inspections and re-inspections; complaints of time loss and overregulation from property owners; and indordinate time delays in the issuance process. Second, the inability of the inspectional staff to keep up with their workload due to declining staff resources, increased inspectional responsibilities, and inadequate inspectional training helped to generate the backlog. A third contributing factor was the absence of administrative management procedures in such areas as records management, inspectional scheduling, case file access, staff productivity standards, uniform compliance periods, denial procedures, and quality control. A final contributing factor was the inadequacy of the forms used by the different agencies in the inspectional, code, and training processes.

To eliminate the remaining backlog, we realize the reconciliation of records must be expanded to include the review of over 35,000 records related to the 7-9,000 backlogged applications. These records must be accessed from eleven separate offices. To undertake this task the amount of $160,000.00 has been requested in the FY 82 Supplemental Budget to fund at least sixteen (16) temporary employees and inspection overtime compensation. Temporary employees will undertake the necessary records search and documentation of data. It is anticipated that eight (8) to ten (10) weeks will be required in reconciling these records. Simultaneously a concentrated inspection program, using many of the cross-trained inspectors from the earlier Strike Force Project, will undertake the remaining inspections to be performed. It is expected that 5 to 6,000 overtime hours (utilizing 31 inspectors and inspecting residential properties on weekends) will be consumed in the first two months of the project's operation with a remaining 2,000 overtime hours to be consumed over the remaining two months as a result of required re-inspections for follow-up on deficiency notices and other problems faced in the field. It is therefore anticipated that the backlog clean-up effort will be completed within four months of the start-up date.

SENATOR D'AMATO:
2. On May 7, 1982, the District Auditor issued an audit of the Boxing and Wrestling Commission. On page 11 of that report, three recommendations are made. Please state each recommendation and the status of corrective action and the date by which each will be complete?

MS. THOMPSON:
2. The three recommendations made in the District Auditor report on the Boxing and Wrestling Commission and the corrective actions initiated on them are as follows:

a. That the Commission's record keeping efforts be reviewed and upgraded as needed to assure that all necessary documentation is available to support receipts and disbursements.

Department of Licenses, Investigations and Inspections staff met with the Boxing Commission on May 12, 1982 to address the results of the audit report. Procedural guidelines for establishing an internal financial control system were submitted to the Commission at that time. The Commission is completing its review of the recommendations and it has agreed to comply with the guidlines as developed by the (DLII) Budget Office.

b. That the Commission enforce D.C. Law 1-20 regarding the filing of late reports and adopt better collection policies and procedures to assure that all revenue accruing to the District are collected in a timely manner.

The Commission has found that the collection requirements as outlined in Section 8(b) of D.C. Law 1-20 are impractical because many boxing events are held on Friday or Saturday. Therefore the Commission is often impeded from providing an immediate accounting of the fees, prices, revenues, and gross receipts from such events as outlined in D.C. Law 1-20. Therefore the Commission has undertaken to develop revised rules and regulations governing the filing of late fees and collections. Rules which are practicable will prove to be more reasonable to enforce.

c. That the Commission adopt policies and procedures for resolving disputes arising from the collection of fees associated with events.

In an effort to resolve the issue of the collection of a disputed fee, the Commission requested an opinion from the Corporation Counsel. The law indicates that the fees payable to the District are "10% of the gross receipts realized from or price paid or owed for the showing." The issue is what constitutes gross receipt. Is the 10% deducted before or after the sales tax is deducted? The Commission had interpreted this provision to require that the 10% is computed before the sales tax is deducted. In April, 1982 the Deputy Corporation Counsel rendered an opinion that the Commission was in error and the fee collected by the Commission should be 10% of the gross receipts minus the sales tax. The Commission has modified its policies to conform to the Corporation Counsel opinion. This should resolve all issues associated with disputed fees.

SENATOR D'AMATO:
3. Also on page 5 the following table I appears.

Uncollected Revenues
Table I

Date of Event	Date Fees Paid	Number of Days Late	Fees Paid	Penalties
11/24/79	12/18/79	23	1,125.00	112.50
4/25/80	4/29/80	3	475.00	47.50
4/26/80	5/14/80	17	36.80	3.68
6/20/80	6/25/80	4	25,664.20	2,564.62
8/02/80	8/06/80	3	2,546.12	254.61
11/25/80	12/09/80	14	15,485.00	1,548.50
3/19/80	3/23/80	3	865.00	86.50
5/11/81	5/21/81	9	302.00	30.20
9/16/81	9/23/81	6	24,035.00	2,403.50
		Total	70,516.12	7,051.61

How much of the $7,051.61 due the City has been collected and what is the collection status of each of the above instances?

MS. THOMPSON:
3. To date none of the $7,051.61 due the City has been collected. The delay in the collection of fees has been occasioned by outstanding issues regarding the amount to be paid (see Answer 2c above) and the impracticality of 24-hr. collection after weekend events.

SENATOR D'AMATO:
4. In light of these overdue fees, have any of the promoters involved been issued licenses or promoted events in the District since, or have they been denied approval to operate in the District? What is the Commissions current policy in this regard?

MS. THOMPSON:
No promoter who owes penalties on overdue fees has since promoted a new event or been issued a license or permit. However, because the issue of overdue fees has been a matter of controversy, i.e., what fee should legally be assessed, and practical implementaiton of the 24-hr. rule, promoters have not been penalized by revocation of licenses. Now that policies are being defined and new rules are being implemented regarding a reasonable reporting time, future promoters will be expected to comply and any departures from compliance will be addressed, including the imposition of penalties where appropriate.

SUPERIOR COURT

SENATOR D'AMATO:
1. What is the difference between the City's request of $12,000 and the Court's recommendation of $57,500 in 1982 supplemental funding for the Volunteer Attorney's Program? What is the 1983 request for this program?

CHIEF JUDGE MOULTRIE:
1. The Court is requesting $7,400 to fund two positions for three months, $38,100 for attorney fees for parental representation for three months and $12,000 for start-up equipment and equipment rental. The City is recommending only the $12,000 for start-up equipment.

The 1983 request is for five full time and two part time positions ($108,500); attorney fees for child and parent representation ($273,000) and other operating expenses such as supplies, telephone service, printing, etc. ($26,400) for a total request of $407,900.

SENATOR D'AMATO:
2. How many child abuse and neglect cases do the Court's handle annually? How many hours of work do you anticipate the attorneys for both the child and parents will put in on an average case?

CHIEF JUDGE MOULTRIE:
2. The Court handles approximately 3,000 neglect and abuse cases annually. It is impossible to accurately estimate the average hours an attorney will put in on a case: a simple case may take four hours of court and non-court time, while a complex case may take 100 or more.

SENATOR D'AMATO:
3. How are these attorneys to be compensated, at what hourly rate?

CHIEF JUDGE MOULTRIE:
3. Attorneys are now paid $30 per court appearance in neglect and abuse cases, $75 for an uncontested motion to terminate parental rights and $150 for a contested motion regardless of the number of hours worked. These rates will remain in effect.

SENATOR D'AMATO:
4. How are these lawyers chosen and appointed to various cases?

CHIEF JUDGE MOULTRIE:
4. At present, children's attorneys, who have been compensated through a federal grant for the past two years, are appointed by the Volunteer Attorneys Office from a list of volunteers. Parents' attorneys are appointed by the Criminal Justice Act Office from a list of attorneys who handle delinquency matters; they are not compensated.

If compensation for neglect attorneys is funded, both parents' and childrens' attorneys are to be chosen from lists of qualified attorneys who have volunteered for neglect work or, if necessary, from qualified attorney lists maintained by the Court for the purpose of appointment for other types of cases: e.g., delinquency (CJA), divorce, probate or criminal matters.

COURT SYSTEM

SENATOR D'AMATO:
1. For Criminal Justice Act funds the City recommends an additional $458,500 over the $3.6 million already appropriated. Will this be adequate to cover all Criminal Justice Act requirements during the remainder of the year? What is the current estimated need?

LARRY POLANSKY:
1. Neither the $470,500 the Court requested nor the $458,500 recommended by the City in the FY 1982 supplemental will be adequate to cover the projected costs for the remainder or the current year if the current high rate of expenditure is maintained. Because of the incredible fluctuation of billings by CJA attorneys, it is still impossible to accurately forecast the full need for the budget year.

SENATOR D'AMATO:
2. How will these additional sums be provided? Are they included in the 1983 request, through reprogrammings or other savings within the Court System budget?

LARRY POLANSKY:
2. The Courts have committed to stay within their FY 1982 budgets and hope this can be accomplished by continuing to closely monitor and limit all expenditures for FY 1982. A reprogramming of some kind, however, will be necessary before the end of the fiscal period.

When the Court prepared its FY 1983 budget request approximately 18 months ago, it was felt that a $509,200 increase for FY 1983 would be sufficient. It now appears that at least another $500,000 will be needed. The Court, apparently, will have no other alternative than to seek FY 1983 supplemental funding.

DEPARTMENT OF CORRECTIONS

SENATOR D'AMATO:
The Department's supplemental budget request of $2.1 million is made up of 3 parts, please briefly describe each.

MR. HOLLAND:
The additional funding request is made to cover unanticipated population increases, terms of a civil action settlement and increased Federal Bureau of Prisons payment requirements.

The Department of Corrections has been negotiating the terms of a settlement agreement in a civil action initiated by the residents of Central Facility in Lorton, Virginia (Twelve John Does, et al. vs. District of Columbia, et al.). While not all the terms of the settlement were agreed upon when this supplemental request was prepared, funding is requested here in the amount of $363.0 to support those which have been.

The terms which are settled require increasing correctional staff at the Central Facility, ensuring the working order of security equipment through service contracts and the provision of contractual psychiatric services.

The projected institutional population upon which the current appropriation budget is based is 4100. However, thus far in FY-1982 the average daily population has been 4,122 and it is projected that by the end of the year the population will average 4,150. This means that the cost of direct care items which these 50 residents consume in the amount of $95.8 is unbudgeted for FY-1982. Some of the items included in the care factor are food, medical supplies, clothing, linens and blankets, and toiletries which must be provided for each resident.

The projected population of D. C. Code violators in Federal institutions upon which the current appropriation budget is based is 933. When the FY-1982 budget was prepared it was a reasonable population projection based on the most recent information available at the time. However, the average daily billed population which the Department supported in FY-1981 in the Federal Bureau of Prisons was 978. With this more current information, the Department modified upward its projection for FY-1982 to an average population of 1040 in Federal institutions. This population increase and a cost increase in the halfway house portion of the program require supplemental funding in the amount of $1,672.2.

SENATOR D'AMATO:
You note that it costs you $42.00 per day per prisoner held in a Federal prison. What is the cost per day of a prisoner in a District Facility?

MR. HOLLAND:
The current cost per day to maintain a resident in the Department's institution is $37.63. This is an average cost for the first seven months of FY-1982.

SENATOR D'AMATO:
Your request is for $1,640,400 in additional FBP costs for 107 prisoners. Is this an accurate number, do you expect 107 more prisoners for the entire year than budgeted?

MR. HOLLAND:
The supplemental request for a population increase of 107 in the Payments to the Federal Bureau of Prisons account was based on incomplete fourth quarter FY-1981 and first quarter FY-1982 billings. Additional information indicates a further increase of 34 for a total institution population of 1077. The halfway house projection of 50 is projected to increase by 12 for a total average daily population of 62.

The increase of 46 above the supplemental request for 107 unbudgeted D. C. Code violators in Federal institutions will be funded through a formal reprogramming request. Personal Services funding is available for this purpose due to the number of vacant positions (298) at the beginning of the current fiscal year, attrition averaging 6.2 per pay period and the length of time involved in filling vacancies.

BOARD OF EDUCATION (D.C. PUBLIC SCHOOLS)

SENATOR D'AMATO:
1. An additional $7.6 million is required for the Board in 1982. Of this amount $6.2 million is for additional pay adjustment and

average salaries and benefits increases. Please give us some details about the assumptions in the regular budget and the changed circumstances. Also provide tabular information showing the number of employees involved and the original and supplemental requirements.

SUPERINTENDENT McKENZIE:
1. Some of the assumptions follow:

A. Based upon labor agreements pending ratification between the Board of Education and its union employees, it was calculated that an additional $3,765,100 above the amount already transferred to the Board would be needed to meet the new wage and benefits settlements.

B. The Public Schools' FY 1982 appropriation needs were based upon average, rather than actual salaries and benefits. A review of actual payroll data in the fall of 1981 showed that the average salaries and benefits were underestimated by approximately $2,632,400. Due to the enormous reductions experienced by the school system which resulted in the abolishment of over 1,200 authorized positions in FY 1981 and FY 1982, the reductions in force affected employees primarily at the lower end of the pay scale, thereby escalating the average salaries of the remaining employees.

The following table summarizes the number of employees involved in the original and supplemental requirements by type of employee:

	Number of Funded Positions included in the Original Budget	Number of Funded Positions included in the Supplemental Budget
Educational Service (Teachers/Officers)	5,921	5,921
General Schedule (Full Time)	1,034	1,034
Supervisory Wage Grade	278	278
Leader Wage Grade	12	12
Printer Wage Grade	2	2
Regular Wage Grade	1,319	1,319
Temporary Full Time	1,122	1,122

SENATOR D'AMATO:
2. Have the labor agreements been ratified, if not when will they be?

SUPERINTENDENT McKENZIE:
2. All compensation agreements have been ratified and approved by the City Council except one -- District Council 20, Local 2093, AFSCME representing buildings and grounds, food service, transportation and warehouse personnel. The City Council is scheduled to take action on this agreement at its meeting on June 23, 1982.

SENATOR D'AMATO:
3. In addition, $356,800 is requested for severance pay. Presumably there would be a savings from salaries. Is this request a net figure or the whole amount? If it is the whole amount, what was the savings and how are those funds applied? This appears to

be about $7,000 per employee, what is the Board's severance pay policy?

SUPERINTENDENT McKENZIE:
3. The severance pay amount requested in this supplemental cannot be offset by savings from salaries. The reduction in force was implemented due to a decrease in total positions for the 1982 fiscal year. The total number of employees terminated through reduction in force was equal to the number of positions not funded beyond fiscal year 1981.

The amount requested for severance pay reflects the amount of severance pay which is payable in FY 1982. The decrease in total positions for FY 1982 resulted from unanticipated cutbacks in federal allocations. Since the necessity for reduction in force was not known when the fiscal 1982 budget was developed, an appropriation for severance pay was not included for 1982.

Severance pay for employees of the Board of Education is issued under the authority of Section 5595 of Title V, U.S. Code. Severance pay consists of:

(1) a basic severance allowance computed on the basis of 1 week's basic pay at the rate received immediately before separation for each year of civilian service up to and including 10 years for which severance pay has not been received under this or any other authority and 2 week's basic pay at that rate for each year of civilian service beyond 10 years for which severance pay has not been received under this or any other authority; and

(2) an age adjustment allowance computed on the basis of 10 percent of the total basic severance allowance for each year by which the age of the recipient exceeds 40 years at the time of separation.

While the severance pay amount requested does equal approximately $7,000 per employee, the actual amount issued to individuals will vary according to the formula of salary, age and service described. Actual severance pay entitlements for employees varied from a low of $490.79 to a high of $27,366.18.

SENATOR D'AMATO:
4. You indicate that 51 people were RIFed, others were assigned to other jobs. How many people in total were involved in this action, RIFed or reassigned?

SUPERINTENDENT McKENZIE:
4. A total of 161 employees were displaced by reduction-in-force. Fifty-one employees were actually terminated as a result of RIF, all others were reassigned or eligible for immediate retirement.

SENATOR D'AMATO:
5. From what positions and to what positions were they reassigned? Were these reassignments to higher priority positions or were they vacant positions that were filled either because they were vacant or because employees have a right to transfer to them?

SUPERINTENDENT McKENZIE:
5. Employees were reassigned to vacant positions at or below the grade level these employees held at the time of the reduction-in-force. Reassignments were determined by the background and qualifications of the employees RIFed and previous positions held.

SENATE D'AMATO:
6. Were all of the vacant positions filled fûnded in the 1982 regular appropriation bill or are some being funded in this supplemental? If they were authorized but unfunded in FY 1982 please indicate the source of funds to pay these individuals?

SUPERINTENDENT McKENZIE:
6. All of the vacant positions filled were funded in the FY 1982 regular appropriation bill.

SENATOR D'AMATO:
7. Were any of the people RIFed, reassigned, or absorbed from Federal grant funds classified as temporary employees? If so, give the number, job title, salary, and expected duration (days, months or indefinite whichever is applicable).

SUPERINTENDENT McKENZIE:
7. All employees affected by reduction-in-force held permanent or probationary status. Temporary employees on positions not continued for fiscal 1982 were terminated on or before the date funding expired.

DEPARTMENT OF EMPLOYMENT SERVICES

SENATOR D'AMATO:
1. $2.5 million is requested to make further improvements to the District's unemployment compensation payment system. What are the various program measures that you will be watching to determine the success of this effort? Also where do those measures now stand?

MR. SHANNON:
1. Although $2.5 million is the total amount of the Department of Employment Services FY 1982 Supplemental request, $1,114,400 of this amount is not targeted to the Unemployment Compensation computer system update. Only $1,367,000 of the total request is to be used for the computer system update. $407,500 of this amount is for hardware that has already been delivered and installed, as part of an effort to have the system operational by May 1982. This goal has been met. The remaining $959,500 is for computer software and consulting services.

The Department is closely monitoring the updated system for positive indications of decreases in first payment time lapse. The performance standard for first payment of new claims sets the benchmark at 87%. This means that 87% of all new claims should be paid within 14 days of the claimants application for benefits. During the measurement period from April 1981 thru March 1982 the Department achieved 59.2% of the standard.

We also expect the modifications to decrease and ultimately eliminate overpayments. The average overpayment is now $130. The Department is making every effort to collect overpayments, and to eliminate future incidence of the same.

A decrease in computer downtime is the final and perhaps most important performance indicator, which will result in more efficient service to the Departments' clients.

The remaining $1,114,400 of the supplemental request will be utilized in the following manner;

.$700,000	for agency wide personal services.
.$234,600	for agency administration.
.$ 43,600	for the Employee Compensation Appeals Board.
.$ 36,200	for the Apprenticeship Program.
.$100,000	for support of Youth Employment Act Programs.

D. C. DEPARTMENT OF RECREATION

SENATOR D'AMATO:
1. Will the $203,000 requested for improvements to facilities lead to expanded service by these facilities?

DR. RUMSEY:
1. No, these funds will not lead to expanded services. The purpose of this request is to renovate and improve the safety, security and appearance of some of the Department's facilities, which have long been neglected because of budget constraints. The improvements will allow for the correction of serious and immediate structural problems and deficiencies, as well as arrest deterioration of facilities and equipment that may otherwise have to be fully replaced, remain inoperable, or become inoperable without immediate corrective action. These improvements will only allow for the restoration of facilities to a level of minimum acceptability.

SENATOR D'AMATO:
2. An additional $87,000 is requested for Day Camp and summer opportunities. What are the current budgets for these programs and how many more people can be served with the additional funds?

DR. RUMSEY:
2. The $87,000 is requested for three additional regular day camps, $30,000; two camps for mentally retarded and physically handicapped, $17,000 and 20 part-time summer employees for playgrounds, $40,000.

(1) The actual cost to operate the regular day camps in Fiscal Year 81 was $43,751. The mentally retarded and physically handicapped summer camps for Fiscal Year 81, were not funded. However, community requests dictate an urgent need for this activity. Therefore, we strongly request your approval of these funds. Summer opportunities on the playgrounds were funded through regular appropriations in Fiscal Year 81, utilizing 23 youths and approximately $27,296. However, in Fiscal Year 81 the summer program was seriously hampered due to a shortage in qualified personnel. The 23 youth hired last summer did not bring our playgrounds up to full standard of operation. We feel that these requested funds will help to accomplish a full operational program based on the needs of the community and provide citizens with well-rounded summer activities.

(2) The additional 20 part-time summer employees for playgrounds will be assigned throughout all Wards to assist existing staff with supervision of playground activities such as softball, archery, tennis, basketball, and other playground activities and responsibili-

ties. These additional workers will increase the quality and safety of our playground but not necessarily increase the number of persons served.

DEPARTMENT OF HUMAN SERVICES

Senator D'Amato:
An additional $31,250,000 is requested in five program areas. What are the details of each of these requests. Please include the current amount available and the supplemental request.

Mr. Buford:
Personal Services:
The Department of Human Services is requesting $4,078,400 due to higher than anticipated levels of continuing full-time employees, unanticipated overtime costs, and reductions in grants.

Medicaid:
The Department of Human Services is requesting $25,492,000 based on actual FY 1981 Medicaid Vendor spending, increases in costs due to inflation and increased utilization.

Personal Care Services:
The Department of Human Services is requesting $200,000 for Personal Care Services. The demand for these services in the first quarter of FY 1982 exceeded planned demand by 23 percent. This higher demand is expected to continue throughout FY 1982 as efforts to keep people out of higher cost nursing homes continue.

Alcohol and Drug Abuse - Urine Analysis:
The Department of Human Services is requesting $75,000 to expand urine analysis testing in response to the drug epidemic in the District of Columbia.

Mentally Retarded Outplacement:
The Mentally Retarded Outplacement request of $1,404,600 is needed to carry out Public Law 2-137, and the Pratt Decree. These acts decree that patients be taken out of Forest Haven and moved into a community living arrangement.

	Current Amount Available FY 1982	FY 1982 Supplemental Request	FY 1982 Revised Request
1. Personal Services	83,875.4	4,078.4	87,953.8
2. Medicaid	40,008.0	25,492.0	65,500.0
3. Personal Care Services	1,365.0	200.0	1,565.0
4. Alcohol and Drug Abuse	2,600.0	75.0	2,675.0
5. Mentally Retarded Outplacement	1,934.4	1,404.6	3,339.0
Total	129,782.8	31,250.0	161,032.8

D.C. ENERGY OFFICE

SENATOR D'AMATO:

1. What are the criteria for this program, are payments based on actual energy costs?

MR. CLINTON:

1. Persons are eligible to receive energy assistance grants who meet the following requirements:

(a) Are residents of the District of Columbia.

(b) Are eligible for AFDC benefits, or would have been eligible but for the application of the following provisions of the Social Security Act: 402(a)(8)(A)(ii); (iii); (iv); 402(a)(8)(B)(ii)(II) 402(a)(18).

(c) Have some earned income from partial or full-time employment.

Payments are not based directly on energy costs; although, prices for energy in the District have escalated, for example, a home that cost $540.00 to heat with natural gas last year will cost $870.00 this year. The vulnerability of a household to increases in the prices for energy to supply necessary home heating and cooling depends heavily upon household income. Therefore, the amount of assistance is calculated so that the total of AFDC benefits, Food Stamp benefits and complementary energy assistance grants is equivalent to the monthly combined AFDC and Food Stamp benefits which would have been paid based upon benefit payment levels in effect in December 1, 1981. This program is designed not to duplicate any assistance paid by other public assistance programs.

SENATOR D'AMATO

2. The temporary position which is associated with this program is funded at $11,100 this appears to be a $44,400 annual rate. Is this accurate and what is the duration of this position?

MR. CLINTON:

2. The temporary position which will be for the duration of the program is funded at a DS-7 level of $15,351 annually. The $11,100 salary was for the nine month period in FY 1982.

DEPARTMENT OF ENVIRONMENTAL SERVICES

SENATOR D'AMATO:

You are requesting 30 positions and $368,900 for continued implementation of the Supercan Program. We thought that this program was designed to reduce the number of collections personnel. Please explain, has implementation been delayed and when will it be complete?

MR. JOHNSON:

The supplemental budget request is for funds to pay the salaries of thirty existing positions. The incumbents of these positions were part of a personnel reduction planned to take place upon the implementation of the Supercan Program. These thirty employees could not be separated from service within the budgeted time frame because the implementation of the Supercan Program was delayed for six months by problems with procurement of the cans. The program was completed in early March, 1982. We are anticipating that, through attrition, these thirty excess employees will be off the payroll by the end of the fiscal year.

SENATOR D'AMATO:
Also, in regular 1982 appropriation 1,118 positions were provided, and you are now requesting 30 more in a supplemental. Explain to the Committee then why only 1,113 positions are requested in 1983. Is this still your estimate?

MR. JOHNSON:
The 1983 estimate of 1,113 positions is correct. Five of the 1,118 positions provided in 1982 were abolished in the 1983 budget to permit the asborption of inflationary increase requirements. As explained above we are not requesting 30 additional positions in the 1982 supplemental, we are requesting funds to finance the positions through F.Y. 1982.

PERSONAL SERVICES

SENATOR D'AMATO:
1. An additional $7.4 million is requested for the personal services account, which together with the $36,279,100 already appropriated will provide for a total of $43,680,800 for cost of living raises for all District employees. What is the average increase citywide, including the Board of Education?

MRS. MACK
1. The average citywide cost of living raise is 5.3 percent. This calculation is based on a weighted average which takes into account the various percentage increases and the respective starting date for each labor contract. For example, the pay raise for teachers, LPN's and District Service/Wage Grade union employees was effective November 1, 1981, the police contract began December 1, 1981, and the pay raise for RN's was effective January 1, 1982. All other employees received a pay raise for the entire fiscal year.

In addition to pay raises, two groups of employees received a one-time-only bonus which did not increase the base salary level. Non-union employees received a bonus amount of 2% and union employees in the District Service/Wage Grade bargaining unit received a 3.5% bonus.

SENATOR D'AMATO:
2. Please provide a table showing the various union cost of living percentage increases (Police, Fire Teachers, etc.) and the non-union increases. Also show the percentage bonus to that class of employees if any and the total dollar amount associated with the various percentages?

MRS. MACK
2. Mr. Chairman, the following tables are provided:

FY 1982 Percentage Increases by Bargaining Unit

Bargaining Unit	Percent of District Employees	Pay Adjustment	Bonus
Police	11	6%	---
Fire	4	6%	---
Courts	3	7%	---
RN's	1	10-15%	---
LPN's	1	5%	3.5%
District Service & Wage Grade	30	5%	3.5%
Teachers	24	6%	---
Unorganized	26	5%	2%

ALLOCATION OF FY 1982 PAY ADJUSTMENT

Agency	Total Pay Allocation
Police	4,545.5
Fire	2,652.8
National Guard	18.6
Emergency Preparedness	9.0
Court of Appeals	110.9
Superior Court	1,353.2
Court System	145.1
Public Defender	194.2
Pretrial Service	53.2
Board of Parole	29.3
Judicial Disabilities	3.5
Judicial Nomination	.5
Law Revision	22.8
Corrections	3,065.4
Criminal Justice Plans & Analysis	6.3
Schools	10,489.9
UDC	2,940.3
Library	592.9
Arts & Humanities	7.3
Educational Institution Licensure Commission	4.7
Human Rights	53.2
Aging	15.4
Latino Affairs	11.5
Employment Services	116.9
Commission on Women	4.8
Recreation	1,196.6
Human Services	8,578.5
D.C. General Hospital	1,600.0
Department of Transportation	.....
Environmental Services	1,780.0
Total	43,680.6

BOARD OF EDUCATION (D.C. PUBLIC SCHOOLS)

CAPITAL OUTLAY

SENATOR D'AMATO:
1a. An additional $10.6 million in authority has been requested for the Eastern Senior High School Modernization program. What is the current authority, how much has been expended and when will the project be complete?

SUPERINTENDENT McKENZIE:
1a. The current authority is $11,000,000. $667,392 has been expended and the project should be complete in FY 1984.

SENATOR D'AMATO:
1b. Why has the cost to complete the project increased so much? Is it an increase in scope or tasks? If it is inflation indicate in what areas and by what percentages?

SUPERINTENDENT McKENZIE:
1b. The project has increased in scope to include replacement of windows, major roof repairs, upgrading of the stadium and running track and the inclusion of a swimming pool.

SENATOR D'AMATO:
2. When was the project first authorized and when was the $11 million cost estimate made?

SUPERINTENDENT McKENZIE:
2. The project was first authorized in FY 1979. The original cost estimate was $20,000,000 in FY 1978. The funding level was held to $11,000,000.

CONVENTION CENTER ENTERPRISE FUND

QUESTION:
1. Is the additional $774,000 requested covered by the current supporting tax or is it dependent on the enactment of the requested increases?

ANSWER:
1. The $774,000 supplemental request for the Convention Center will be financed with revenue from the existing business taxes allocated to the enterprise fund. The 20-cent increase in the hotel occupancy tax recently approved by the District Council is to be effective effective starting in fiscal year 1983.

QUESTION:
2. This increase is needed for additional relocation and demolition costs associated with the center. Why were the original estimates off and what were they?

ANSWER:
2. Relocation and demolition costs were originally estimated at $1,827,600 and $529,000, respectively. These costs are now estimated to total $3,575,210 and $877,245, respectively.

Relocation costs have exceeded the original estimates because relocation claims have exceeded expectations. Not only was the number of business claimants greater than anticipated, but also the number of businesses successfully relocating rather than liquidating was higher than estimated. Payments to entities going out of business cannot exceed $10,000, but reimbursements to businesses for costs associated with replicating the original basic structures, repairing new structures to meet code standards and moving businesses can be and were many times higher than the original forecasts. In addition, the number of families filing claims was considerably higher than originally estimated.

Demolition costs were larger than anticipated because during the work such conditions as foundations and sealed basements for which no drawings existed were discovered. Further, the District was required to preserve intact and transport to new locations selected parts of the buildings being razed. Examples include: the front of the Mount Vernon Theater, transported to the National Children's Museum; the stonework from the front of the Pepco buildings; the mosaic Indian heads from the American Mosaic Tile Co; and the ornamental freeze and ironwork from the Mount Vernon Apartments.

PERSONAL SERVICES

METROPOLITAN POLICE DEPARTMENT

SENATOR D'AMATO:
It has come to the Committee's attention that the amount allocated to the MPD from Personal Services for increased pay cost was roughly half of the amount required to cover these costs. Can the Police Department absorb this cost? Also, since we funded 3,880 police officers in 1982 and that number are not currently on-board how much is available from that source and how will it be used?

MRS. MACK:
The $2,774,500 currently allocated to the Police Department needs to be supplemented by an additional $1,771,000. This is being done. All lapse funds that are available will be used for pay costs and other necessary MPD reprogrammings. It is estimated that $369,000 in lapsed lapsed money will be used to fund pay costs.

SENATOR D'AMATO:
What absorption rate is required of District departments for increased pay costs, and for the MPD? If it varies from department to department, please provide that breakdown.

MRS. MACK:
The $7.4 million included in the supplemental assumes the agencies ability to save.

SUBCOMMITTEE RECESS

Senator D'AMATO. This subcommittee stands in recess. Thank you very much.

Mayor BARRY. Thank you.

[Whereupon, at 11:36 a.m., Wednesday, June 23, the subcommittee was recessed, to reconvene at 2:30 p.m. the same day.]

(AFTERNOON SESSION, 2:30 P.M., WEDNESDAY, JUNE 23, 1982)

NONDEPARTMENTAL WITNESSES

SUBCOMMITTEE PROCEDURE

The subcommittee met at 2:30 p.m., in room 1114, Everett McKinley Dirksen Senate Office Building.

Senator D'AMATO. The subcommittee will come to order and this afternoon we will conclude our scheduled hearings on the District of Columbia 1983 budget with some of the community witnesses. It's a pleasure to welcome all of you this afternoon. The testimony will provide a vital perspective on the city's needs and priorities. I assure you that your views will be weighed and provide much useful information for our deliberations.

I would ask each of you to limit your oral remarks to no more than 5 minutes so that everyone will have an opportunity to be heard. We'll place any additional written statements into the record for the Senators' perusal. In addition, any other commentaries that you might want to submit, we will hold the record open so that you will have an opportunity to submit additional data to us.

Our first witness is Mr. Kenneth Cox, second vice president of the Firefighters' Association.

How are you this morning, Ken?

Mr. Cox. Fine, thank you.

Senator D'AMATO. Good.

TWIN DISASTERS OF JANUARY 13, 1982

STATEMENT OF KENNETH COX, SECOND VICE PRESIDENT, FIRE FIGHTERS ASSOCIATION

Mr. Cox. Senator D'Amato, my name is Kenneth M. Cox, second vice president of the District of Columbia Firefighters Association, Local 36 of the International Association of Firefighters, AFL–CIO.

We are appreciative of you and your committee for allowing us this time to discuss some serious deficiencies that are presently existant in the District of Columbia Fire Department. We wish to submit for the record our testimony before Congressman William Gray, Democrat of Pennsylvania, and his Subcommittee on Government Operations and Metropolitan Affairs as they investigated the twin disasters of January 13, 1982.

This testimony is an in-depth account of the events immediately preceding the Air Florida crash and the Metrorail crash. It discusses at length the four areas of deficiencies that still exist in the District of

Columbia Fire Department and if the same tragedies should occur today the same problems would still exist.

It is sad to us that the leadership of our department, in their prepared testimony in the fiscal year 1983 budget, has failed once again to address the lessons that were learned as a result of these disasters. It seems sad to us that a heavy-duty rescue squad, of which we have four, complete with thousands of dollars of extricating tools and appliances, emergency medical supplies, resuscitators, 1-hour self-contained breathing mask, lights, and generators, can sit unmanned in a fire station because of budget cuts. On this issue it's the citizens, workers, and visitors who are getting short-changed.

I would refer to exhibit B of our testimony before Congressman Gray which lists the tools and appliances which are carried on these heavy-duty squads.

It seems sad to us that the firefighters still can't communicate with the surrounding jurisdictions on their portable radios. The same set of circumstances that existed on January 13, 1982 still exist today and, in fact, on Memorial Day our units were dispatched for an 8-year-old child who had fallen into the Oxon Run Creek which runs between the city and Prince George's County. As D.C. firefighters made their way along the creekbank, other firefighters launched a lifeboat into the water to search for the child.

Simultaneously, Prince George's County rescue units entered from the lower end of the creek. However, it was impossible to communicate with each other because of out-dated radio equipment. This is a carbon copy of the events of January 13, 1982, the date of the twin disaster, and we would refer to page six of our May 4 testimony for that.

Now, let's look at yet another serious problem, that of adequate breathing apparatus. The city currently has thirty 1-hour self-contained breathing apparatus. This is a disgrace for the Nation's capital not to be able to provide its rescue workers the proper equipment to enter a subway tunnel in the event of a fire and do the job we were trained to do.

Yet, nothing is mentioned in the Fire Chief's prepared testimony to address this most serious problem affecting the city's firefighters. And who ultimately will pay the price for this shortsightedness? The citizens, workers, and visitors who just happen to be riding the subway when a fire or crash occurs and the firefighters who have less than adequate breathing apparatus who must attempt to rescue them will pay the price.

We would refer to exhibit D of our testimony on the 4th of May which gives a price breakdown on the amount of what it would cost to fully equip our firefighters with the 1-hour breathing apparatus.

Finally, because of budget restraints our battalion fire chiefs have lost their administrative assistants. This impact has been felt the most by the firefighters on the fire ground or scene of an emergency. We have provided for the record the list of duties that these specialized firefighters provided in order to emphasize their importance. We ask, could you effectively administer a congressional office without the service of your administrative assistant? We view their removal as having a negative impact on the total fire ground operation. We urge the immediate restoration of administrative assistants to their previous level of service.

In the time allotted we have attempted to outline as best we could the deficiencies as we see them within the District of Columbia Fire Department. These are very real problems that presently exist and unless action is taken to resolve them the potential exists for loss of life. We thank you for allowing this forum to discuss these problems and we are prepared to answer any questions that your staff might have.

Senator D'AMATO. Thank you, Mr. Cox, for your testimony not only here but your ongoing relationship with this committee and the other committees on the Hill and informing us of the important events. I must confess to you that I am most concerned in terms of the emergency medical facilities, the chief having admitted with all candor that they have inadequate staffing.

I indicated to him that I wanted a report within the next 10 days, I believe in terms of what they're going to be doing. We have already taken that up with the city.

It doesn't make much sense to get four new ambulances and still not have the personnel necessary to man them and that is a life and death matter. That is an important matter.

In addition, with respect to the equipment and the lack of equipment, we did get the city to reprogram some moneys for those 30 masks. As you know, I think we only had 15 up to very recently and that will be a priority that this subcommittee sees will be addressed. I can assure you it will be addressed.

Mr. Cox. Thank you very much, Senator.

Senator D'AMATO. And I would ask you to continue that ongoing dialogue. We have an open door to you and to those matters of such great urgency, whether it's a victim who falls into a creek or to one who falls by way of heart attack or whatever else, and we want to make sure that we give you the equipment and the personnel to do that job.

Mr. Cox. Thank you very much, sir.

Senator D'AMATO. Thank you.

Our next witness is Father George from Georgetown University.

It's good to have you with us today, Father George. Please come on up.

MAXIMUM NUMBER OF SEATS FOR CONVENTION CENTER

STATEMENT OF FATHER GEORGE, GEORGETOWN UNIVERSITY

Father GEORGE. Mr. Chairman, I am Father George, special assistant to the president, Father Healy, at Georgetown. I thank you for the opportunity to testify.

I'd like to just encourage you and the committee to supply the funds necessary to put the maximum number of seats possible in the convention center. I think it's good for the city but from a university perspective there are many needs throughout the consortium it could serve that we can't really afford to do ourselves.

For example, at Georgetown this year, our graduation brought in about 13,000 people for just the college of arts and sciences, and the undergraduates. We always have to plan it outdoors and we do, and fortunately this year with Mother Theresa giving the last words, everybody split when the rains came and they didn't have to hear Father Healy or the other vice presidents, and they might have appreciated that but it did cause a little bit of chaos for graduation.

But, unfortunately, years ago when Mayor Washington came out and started in the middle of his first paragraph the rain started.

Senator D'AMATO. That's when the Mayor came out?

Father GEORGE. Yes; and a very small group of the students had a chance to listen to the Mayor.

Senator D'AMATO. So what would be the difference if you have an ordinary politician—it shows you that difference, as compared to someone of the cloth.

Father GEORGE. Mother Theresa is quite a lady. I think she has some pull up there.

But that's one way it would help us and there are 90,000 plus students that come from all over the country and the city to the consortium of universities. In the summertime we have the same problem. We bring high school and college students from all over the country and all over the world and at Georgetown we teach a lot of English as a foreign language and when we have our international festival we can never hold the number of people that show up for that with our facilities. It would be kind of nice to be able to use something for the city.

But it's all sizes of groups that could use it. So, I'd like to ask you to do that and it would help the universities, but I also think it's the most efficient thing to do it, because to retrofit a building, I've had something to do with a few buildings at Georgetown and if you don't do it when the building goes up and equip it correctly, it costs you twice as much to retrofit it and then the change orders can even add more than that.

So, thank you for the opportunity to testify on that.

Senator D'AMATO. Father, thank you very much for your testimony. This is an issue. I don't want to leave you with the impression that it is an easy one. There are a number of members of this committee who are quite concerned in terms of the utilization of the facility, that it does not become a competitor to a private facility for certain sports encounters when the main object of this convention center was exactly that, to be a convention center, to attract and to bring in the kinds of shows and the kind of tourism that Washington should have as the Nation's capital.

There is a diversity of opinion in regard to that type of question, so I think I'll let you know in advance. But I certainly appreciate it and if there would be a way of insuring that we wouldn't go the other step, I think it might be able to conceivably gain greater support. I don't know whether we can do that, but we certainly will be mindful and if it were for the purposes as stated here and kept to that kind of purpose, I think it might garner some support.

Failing that, I think it might be more difficult. But thank you very much for your testimony.

Father GEORGE. Thank you, Mr. Chairman.

[The statement follows:]

STATEMENT OF REV. WILLIAM L. GEORGE, S.J.

Mr. Chairman and members of the Committee, I am Rev. William L. George, S.J., Special Assistant to the President for Federal Relations.

As your Committee continues to consider various aspects of the D.C. Convention Center, I would like to bring to you attention the assistance such a facility could offer colleges and universities within the City.

The nine schools of the Consortium of Universities educate approximately 90,000 students per year and employ 38,000 people. Georgetown employs 6,865 staff, 976 full-time faculty, 535 part-time faculty, and has approximately 11,000 students.

When the University needs to bring either staff, faculty, or alumni together in large groups, our facilities are over taxed and inadequate. In previous years, we have surveyed the area for an appropriate site, but found none.

For example, over 12,000 people attended Georgetown's undergraduate ceremonies this year. Because of the graduation crowd, we must plan the graduate exercises out-side and draw up contingency plans as well. In case of rain we have to break up into small groups which excludes guest speakers and even Father Healy from participating in all the school's ceremonies. We were fortunate this year that everyone could hear Mother Theresa. The rain came as she was finishing her address and everyone scattered at her last word.

When we host prominent international figures as we did for the late Anwar Sadat, we have a shortage of space.

During the summer months, the Consortium brings in numerous college and high school students for various nationally based programs.

Georgetown hosts over 3,500 such students. The Debaters and International Students are two groups that over extend the universities facilities when they gather. We have not been able to handle all those who come to the International Student Fair.

These examples can be expanded throughout the consortium. I would suggest that the Committee consider providing the largest amount of seating available in the Convention Center; 10,000 - 12,000 would appear to be the ideal number.

Such a facility would develop an association with the city and the academic community as well as expand the relationship with businesses within the community.

It is not feasible for the University to build a facility for these types of uses since it would be used so irregularly. However, we would certainly consider using the Convention Center if it had the seating capacity necessary to accommodate our needs.

On behalf of our President, Rev. Timothy S. Healy, S.J. thank you for the opportunity to appear before this Committee.

DESCRIBING THE WASHINGTON EDUCATION PROJECT

STATEMENT OF NORMAN MANASA, DIRECTOR, THE WASHINGTON EDUCATION PROJECT

Senator D'AMATO. Our next witness, Mr. Norman Manasa, director of the Washington Education Project.

Mr. MANASA. Good afternoon, Senator.

Senator D'AMATO. Good afternoon, Mr. Manasa.

Mr. MANASA. I should first say my name is Norman Manasa and I live here in the District of Columbia and I run what is called the Washington Education Project.

I should like to thank you and this committee for the opportunity to describe this project. It is no small thing to appear before a committee.

Senator D'AMATO. Would you speak up just a little bit, please?

Mr. MANASA. Yes, sir. It is no small thing for me to appear before a congressional committee. It's a great honor and I want to thank you for the opportunity to attend.

I should first like to explain a few things about this project. The Washington Education Project is an academic program that adds an experiential component to the humanities training of college students by putting them to work teaching the poor to read.

Undergraduates enter this project by registering in three-credit pass-fail courses that bring together the reality and the theory of sociology, education, economics, et cetera. This project teaches college students things they need to know but which they cannot learn through traditional classroom instruction and, since these are elective courses, all undergraduates may participate, regardless of their major field of study.

Undergraduates in this project tutor 6 hours per week in selected community agencies as a supplement to education programs that are already in operation in these agencies. The tutoring is done on a regular schedule throughout the semester and the undergraduates sign in and sign out for each tutorial session.

In addition, the undergraduates meet each week in a seminar with their monitoring professor, where the theory of the humanistic discipline in which they have registered is explained in light of their experience in the community. The undergraduates in this project benefit in four ways. They obtain real-world experience which gives them a fuller understanding of the humanities. They obtain some experiential background which will help them to sensibly choose a major and a career. They obtain an entry into the world of work and post-graduate employment and they may learn compassion through the act of being compassionate.

This project also provides the kind of help which the poor desperately need. One must be skilled in reading and writing in order to create wealth in a literate society. Without these skills, the poor will always remain poor, regardless of whatever other services they may obtain, and they will not obtain these skills without long-term individual tutoring.

Since academic credit guarantees the regular attendance of the undergraduates in this project as well as the expertise of the university faculty, the Washington Education Project provides the illiterate of the community with large-scale, reliable, and competent help at no cost to them. This project has already worked in Miami from 1969 to 1973 with over 1,000 undergraduates participating in 14 community agencies. In addition to Washington, D.C., it could, of course, be developed in communities all across the country.

In summary, I should like to say that there are two basic principles for this project. It is primarily an educational program for undergraduates. The idea is that undergraduates can learn more about economics, sociology, philosophy, education, and a whole host of the humanistic disciplines, if they have courses that mix experience and theory at the same time rather than relying upon year after year of classroom lecture.

The notion is that if they do 6 hours tutoring in a community agency and meet with a monitoring professor each week, they can learn more about these disciplines than they can traditional lectures.

Senator D'AMATO. Let me first say that I'm going to have to go down and vote because there is a vote and I've got about 2 minutes to get down there. So, I will interrupt your testimony. Mr. Leeth will conduct the balance of the hearing. I will attempt to get back.

Let me leave you with this thought. I am very, very much impressed with the opportunities that can be provided with this kind of program, and I am going to ask the education community to focus in on this, the university. It seems to me that it provides an excellent forum to do some of the kinds of work that—with budget constraints and restrictions what they are—are not within the realm, unfortunately, of reality if we have to go to hire extra tutors, et cetera, and it certainly doesn't take away anyone's job but it helps and is used as a tool.

I couldn't agree with you more in terms of saying that, if you're going to equip young people in today's society to compete, you must at least give them the opportunity to pick up the basic skills. So, I am most impressed with this, I might say for the record, it's obvious that Senator Hatfield is a supporter of this concept and of this program and I will talk to the Senator and see if we can't both possibly use whatever little influence we have to see if we can do something in this area to move the development of this project here in Washington. I think it could have some very beneficial results for a lot of young people.

Mr. MANASA. Thank you very much, Mr. Chairman.

Senator D'AMATO. And thank you for your testimony and thank you for your work in this area. It's very important and I'm very impressed.

Mr. MANASA. Thank you.

Senator D'AMATO. Tim, would you take over? I have to go down to a vote now.

Mr. MANASA. There are four major benefits of this for the undergraduates, as I alluded to earlier. It gives them, I believe, a better understanding of the humanities since it mixes experience and theory at the same time. But it also does one other thing, This project flies in the face of the notion that a college student goes to college to get a degree, to get a better job, and to make more money. That is a self-centered way of beginning life—by thinking in terms only of the individual. This project says that people in college have an obligation to the society while they are in college and if, indeed, there is a sensible way for them to fulfill that obligation, under courses of this type, then, indeed, they have an obligation to do so.

This is, however, an elective course. It is not seen as a required course. That has two benefits to it. The first is, I believe, the voluntary nature of the project is essential to the character of the program. But second, all undergraduates must take electives. They usually must take eight elective courses in order to get a degree.

This city has something on the order, I believe, of 80,000 undergraduates, all of whom must take electives to get their diploma. They take, on the average, I suppose, one elective course per undergraduate per year. If we were only to mobilize 10 percent of those 80,000, which would be 8,000 tutors per semester, I believe that that kind of tutorial effort at such a scale would go a long way to making this school system test score for test score the finest school system in the country within 6 years at all grade levels, and the reason I say so is that under this program these undergraduates must tutor 6 hours per week for the 10 weeks of the semester. Eight thousand undergraduates times 6 hours work per week is 48,000 hours of tutorial per week in the city schools, Lorton Reformatory, St. Elizabeths, and a number of other community agencies, and over the 10 weeks of a semester that would total 480,000 hours of free, reliable, thoroughly competent tutorial instruction. That is if only 10 percent of the undergraduates who have to take electives anyway, take this elective. That is the scale at which this project could operate, not only here in the District, of course, but in cities all across the country.

The academic credit serves to acknowledge that this is, indeed, educational for undergraduates. But it also is the managerial tool that guarantees that the undergraduates will show up to do the tutoring they are required to do. This is a voluntary program but once an undergraduate is in it the voluntariness ends and they must do 6 hours' work per week, regularly scheduled for the semester, signing in and signing out for each tutorial session, the tutoring taking place in the classrooms of the city's schools and various agencies, and they also, as I mentioned, meet each week in a seminar with their professor.

For the community, I should say that tutorial services means a bit more than just tutorial services, as the Senator touched upon. This has become a technological age where people must be literate, well skilled in reading and writing, in order to create wealth and maintain themselves, in order to be taxpayers and not tax eaters, as the popular saying goes.

This project, by transferring to the illiterate poor literacy, actually transfers to them the power to create wealth in a technological age. The project is not designed to provide people with more services, such as food stamps, welfare, and housing subsidies, and so forth. This project is designed to transfer to them the power to hold a job and create wealth for themselves and the country so that they can get their own food, their own housing, their own clothing, just like everybody else.

I do not want to rattle on other than to say this is the heart of the project. But I see what it did for sometime in Miami and I see that for it here in Washington and I hope in other places as well. I'm very grateful to the committee for the hearing and I'll end my testimony. Thank you very much.

Mr. LEETH. Thank you, Mr. Manasa. Chairman Hatfield and Chairman D'Amato are both very impressed with the project. I hope you'll keep in touch with the committee.

Mr. MANASA. Thank you very much.

[The statement follows:]

STATEMENT OF NORMAN MANASA

THE WASHINGTON EDUCATION PROJECT

This is an academic program which adds an experiential component to the humanities training of college students by putting them to work teaching the poor to read. Undergraduates enter this project by registering in 3 credit, pass/fail courses that bring together the reality and the theory of sociology, education, economics, etc. This project teaches college students things they need to know but which they cannot learn through traditional classroom instruction. And, since these are elective courses, all undergraduates may participate, regardless of their major field of study.

Undergraduates in this project tutor 6 hours per week in selected community agencies as a supplement to education programs that are already in operation in these agencies. The tutoring is done on a regular schedule throughout the semester and the undergraduates sign in and sign out for each tutoring session. In addition, the undergraduates meet each week in a seminar with their monitoring professor where the theory of the humanistic discipline in which they are registered is explained in light of their experience in the community.

The undergraduates benefit in four ways:

1) they obtain real-world experience which gives them a fuller understanding of the humanities;
2) they obtain an experiential background which will help them to choose a major and a career;
3) they obtain an entry into the world of work and postgraduate employment;
4) they learn compassion by being compassionate.

But this project also provides the kind of help which the poor desperately need. One must be skilled in reading and writing in order to create wealth in a literate society. Without these skills, the poor will always remain poor regardless of whatever other services they may receive, and they will not obtain these skills without long-term, individual tutoring. Since academic credit guarantees the regular attendance of the undergraduates as well as the expertise of the university faculty, The Washington Education Project provides the illiterate of the community with large-scale, reliable, and competent help at no cost to them.

This project has already worked in Miami (1969-1973) with over 1,000 undergraduates at 14 community agencies. In addition to Washington, D.C., it could be readily developed in other communities as well. Several foundations and federal agencies are willing to accept proposals for the funding of this project.

For further information, please write or call:

Norman Manasa
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May, 1982

SUPPORT OF THE PROPOSED BUDGET

STATEMENT OF WILLIAM SIMONS, PRESIDENT OF THE DISTRICT OF COLUMBIA TEACHERS UNION

Mr. LEETH. The next witness is Mr. William Simons, president of the District of Columbia Teachers Union. Good afternoon, Mr. Simons. How are you, sir?

Mr. SIMONS. With me is Charles Blackston, the legislative assistant for the Washington, D.C. union.

My name is William H. Simons, president of the Washington Teachers Union.

The statement of the union has been submitted so I will not take the time to read that. I simply would like to say that this is one of the first times that we can come before the committee, with the full support of the proposed budget, because the job was done with the City Council and the Mayor. While no budget is ever enough, this one certainly represents a far cry from what we've had to deal with in the past and I would urge that this committee and the full Senate, as I shall, with the House of Representatives, will pass this budget intact so that we can continue the progress that has been made, in spite of the shortcomings of the budget in previous years. We have been able to manage and move ahead this year. Certainly, the results show the positive effect of the educational program in the District of Columbia.

I would hope that the committee does not fall into the false notion that simply because you have a declining student population that less dollars are needed in order to do the job. Quite to the contrary. I would submit to you that more dollars are needed because even though the population is declining there are additional problems with which the school must deal in order to make sure that the students get the very best.

I would also call to your attention the action taken by the City Council yesterday which will probably be finalized within 2 weeks at their next legislative session dealing with what is known as surplus school space. With the proposed legislation, the school system will be able to maintain control of the buildings but will be able to lease those buildings to various groups, thereby generating revenue which would certainly enhance the school system's ability to take care of the existing buildings.

We went through the period in the late sixties and early seventies where we did not have enough space. Now that we have it, it is better to keep it intact so that when the population begins to turn around, as is predicted by the turn of this decade, schools will be in place and we will be able to take care of the increased population.

So, I would simply urge the committee to give approval to the budget so that we will be able to continue the work that the system has put forward.

Mr. LEETH. Thank you, Mr. Simons. We will certainly take that into consideration and I think the things that you've noted, the innovative approaches to the use of school buildings and things like that, are certainly a step in the right direction and this committee has always tried to do whatever we could for the schools in the District and will continue in that vein, I am sure. Thank you, sir.

Mr. SIMONS. Thank you.

[The statement follows:]

Statement of William H. Simons

THE WASHINGTON TEACHERS' UNION

Mr. Chairman and Members of the District of Columbia Appropriations Subcommittee, the Washington Teachers' Union appreciates the opportunity to present its argument in support of the school system's 1983 budget. In so doing, we join with Parents United for Full Public School Funding in their penetrating analysis of the Education Budget.

I, further wish to note, Mr. Chairman, the concurrence which has been reached on this Budget before you and the Committee.

It has been approved by the Council, the Mayor and the Board of Education. It represents a compromise. It is less than requested by the school system. It is more than the Mayor's initial proposal.

This needs to be noted in deference to this Committee's position regarding the decision made by the Mayor and the Council. I strongly suggest to you that the case has been well made and presented. The facts are clear and documented. And I trust their meaningfulness will not be less here.

In our presentation, Mr. Chairman, the Washington Teachers' Union addresses some of the Committee's concerns as expressed in prior school budgets. This budget proposal represents, in our view, the most realistic appraisal of local public school needs since Home Rule. It will provide, in a large measure, the remedies we have sought.

We understand the concern with the prospect of an increased budget simultaneously with declining pupil population. Equally understandable, is the school administration's response. Inflationary pressures and the lack of uniformity in individual student needs are certainly factors involved.

In addition, we would add the national experience follows a similar pattern. As discussed below, declining pupil population over the nation has little or no influence on rising educational costs.

U.S. Pupil Population and School Expenditure

		% Chg.		% Chg.
1973[1]	45408805	-	$56037941000	-
1979[2]	41800665	-8%	88056997000	+57%

The National Center for Educational Statistics noted rising expenditures and declining enrollment. (1975 edition, pages 36-38) Among them were (1) inflation, regional differences in costs of providing identical educational services, and climate. Others were operating expenditures for pupils with special needs and the labor intensive nature of the education industry.

1. Condition of Education, 1975 ed., pages 46 and 59, NCES
2. Ibid, 1981 ed., pages 58 and 98

Another aspect of the declining pupil population may be drawn from an observable shift in the student body. Whatever term one may use, poor, underprivileged, the evidence shows a growing pupil eligibility for free and reduced lunch.

Line (2) of Table I represents the significant measurement of pupil participation in the free and reduced lunch program. Under the required eligibility criteria of need, these participants must be regarded children from poverty or near poverty families. Each of the school years, 1974-75 to 1979-80, shows an increased percentage of the total declining pupil population participating in the free and reduced lunch program. While total pupil population decreased by 22 per cent for the period, that involved in the program declined by a little more than 5 per cent. It nevertheless, rose to better than 50 per cent of the total pupil population.

We believe this pattern will continue in a more severe way, given worsening conditions now prevailing.

At any rate, this picture validates the emphasis of poverty and income deterioration in the homes of these students. And where parents are preoccupied with survival or existence, that perception of school and family linkage for educational collaboration must be viewed as in a state of deterioration, if not nonexistent.

Mr. Chairman and Members of the Committee, it is, by anyone's recognition, a very mixed collection of experiences gathered in the classroom for the single purpose of education. The extent to which these experiences guide or misguide relative to the educational purpose determines the need for teacher time and attention.

Certainly, unaccustomed or continued stress affects many homes from which the children come --- the poor and the non-poor. And yet, we perceive education as a significant part of the answer in the quest for social and economic growth. The preceding table provides an indication of the necessity for added resources and staff called for in the budget. It seeks to bring class sizes down to the level of more proficient management.

Table I

	1974-75	% Pup. Pop.	1976-77	% Pup. Pop.	1979-80	% Pup. Pop.	% (-) Decrease
Pupil Population	130,685		120,672		105,362		(22)
Free and Reduced Lunch	49,140	37.6	56,699	47.1	53,830	51.1	(5.6)
Total Meals Served	77,829	59.6	86,304	71.5	72,928	69.2	(4.6)
Free&Reduced Lunch % Total Meals		63.1		65.7		73.8	

That of course raises the issue of lower pupil/teacher ratios which, also, has been of concern to the Committee. I suggest that the reduction requested is a modest one when the national average is considered. According to NCES data[3] that average pupil/teacher ratio is between 19 and 20:1.

As with the pupil population decline and school funding, this experience varies sharply from the nationwide experience.

Our position regarding smaller class size is supported by several studies. Several of these respond to the theory that class size is not a factor in educational performance. Foremost in that argument is the field study by Nikole Filby, Leonard Cahen, Gail McCutcheon and Diane Kyle. In a Summary Report for the Far West Laboratory under an NIE Grant, they incorporated summary data from other studies. The outcome of their work was a statistical analysis finding establishing improved performance level in smaller class conditions.

Martin N. Olson's study entitled, "Classroom Variables That Predict School System Quality," likewise concludes that students in smaller classes score significantly higher in performance than those in larger classes.

Mr. Chairman, the Union will gladly share this referred to data with the Committee if you think it desirable.

These considerations of the budget proposed will raise again the issue of per pupil costs and their comparison with other school systems. I would ask the Committee to bear in mind other related data involving another perspective on costs measurements.

3. Condition of Education, 1981 ed., page 50, NCES

That measurement is the expenditure growth for elementary and secondary schools nationally as well as that of per pupil cost growth. In addition, repeated examination of the per pupil costs measurement as a budget tool could, itself, bear closer scrutiny.

It is our view that the increasing use of programs to meet various student needs goes beyond the capacity of per pupil costs as a precise or adequate measurement. Having noted the shift of the City's school population to the poor or near poor category, we can presume the need for more compensatory services by the schools.

Table I shows this transition to the degree that this pupil category has become predominant in the student body.

Another example of pupil need addressed by special programs is special education. Nationwide, school systems argue over the inadequacy of Federal funds necessary to accomplish the law's requirements. Nonetheless, court decrees and an alert constituency demand the services regardless of the issue of funds.

Locally, the public school special education experience under P.L. 94-142 and related court decisions underscores the budget dilemma. In 1975 the special education students represented approximately 10.7 per cent of the entire student population. The budget allocation for those services was $11,391.8 averaging $832 per pupil. The 1983 proposed allocation of $22,978,840 will serve 7,300 special education students for an average of $3,148 per pupil.

Over the period 1975 to the proposed budget for 1983 special education costs have grown 101.7 per cent. The special education per pupil cost, however, rose 278.4 per cent. That growth has been absorbed by the school administration. Even this reference cannot be considered an accurate portrayal of per pupil special education costs. Within the program category there is a broad range of service costs.

These, of course, reflect the range of student needs and services.

Indeed, it is the position of the Department of Education that "No one knows for certain how much special education programming cost." "....costs involved in providing for such matters as personnel, services and transportation for handicapped students are comingled with budget line categories for non-handicapped students."[4]

Special education costs, then, may well vary from school district to school district dependent upon the enrollment and extent of services required.

Similarly, the compensatory education services are likewise beyond comparison for the same reasons.

For these reasons per pupil costs for comparison purposes may have lost much of its usefulness as a budget benchmark. Where precise measurement cannot be made within program categories little likelihood occurs for precise or accurate determinations over the total range of education costs.

However, elementary and secondary education expenditures for D.C. have over the years, risen at a lesser rate than for the nation as a whole. Likewise, these local expenditures trailed the rate of inflation (1975-79) and declined shortly thereafter.

The result has been an accumulation of unmet obligations and program resources to which the 1983 budget seeks to partially cover.

Mr. Chairman and Members of the Committee we urge your approval of this budget. It has been the result of compromises, negotiations and broadscale community input. It has been argued within and without the school system to this final conclusion.

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4. The Annual Report to Congress on the Implementation of Public Law 94-142, page 12, The Education for All Handicapped Children, U.S. Department of Education

It merits the support of this Committee and the Congress.

Thank you, Mr. Chairman, for the time and attention given to the issues raised. Please be assured of our further cooperation if it is desired.

Respectfully,

William H. Simons

William H. Simons
President

SUPPORT FOR DISTRICT OF COLUMBIA RETIREMENT BOARD

STATEMENT OF J. GEORGE FRAIN, THE EIGHTEENTH AND COLUMBIA ROAD BUSINESS ASSOCIATION

Mr. LEETH. Our next witness this afternoon is Mr. J. George Frain of the Eighteenth and Columbia Road Business Association. Mr. Frain, it's good to see you. Just proceed in whatever manner you desire.

Mr. FRAIN. I am testifying today, Mr. Leeth, for two District of Columbia groups, the Federation of Citizens Associations and the Eighteenth and Columbia Road Business Association. I have already submitted testimony for both groups and I would request that it be included in the published hearings of your subcommittee and that I be permitted to proceed orally.

Mr. LEETH. Certainly.

Mr. FRAIN. The Federation of Citizens Associations adopted a strong resolution of support for the request made to Congress by Frank Higgins, chairman of the District of Columbia Retirement Board, and I think to this subcommittee on the Senate side and the sister subcommittee on the House side, that the Senate and House appropriations subcommittees provide in the fiscal year 1983 Appropriations Act: One, that the District of Columbia Retirement Board be authorized to use both the amended and supplemental budget process during the term of the 1983 Appropriations Act and; two, that your subcommittee also provide for the payment of the District of Columbia Retirement Board's total administrative budget from the District's General Fund.

We are concerned, as are most District citizens and many members of Congress, that unless steps are taken along the lines suggested by the Retirement Board, that the deficit in the District of Columbia Government's Employee Retirement System will climb to a staggering $8.8 billion in 25 years. Other steps will be required but we view these steps as an important beginning. Any retirement system which is not fully funded is a cruel hoax on the trusting employees who pay into it and the District of Columbia Pension Funds cover police, firemen, teachers, and judges.

Also, we hope you will provide in the 1983 Appropriations Act funds for rehabilitation of the Lanier Place Firehouse, No. 21. It is a key station and has been neglected badly. The ceiling leaks, the toilets don't work, the roof is falling, the heating plant works only part of the time.

Unfortunately, this firehouse is located in the middle of a built-up, populated area, and the firemen can't go behind the barn to take care of mother nature's calls, because there isn't any barn, and so it's high time that this subcommittee appropriated funds for that firehouse.

Now, the Federation of Citizens Associations also adopted resolutions opposing the large increase in the budget for the District of Columbia Arts Commission. The Washington Post reported that even the District of Columbia City Council had serious doubts about the Mayor's budget for the Arts Commission and debated the Arts budget at length.

City Councilmember John Ray was reported to have said that he felt that Arts Commission money should go to fund local institutions rather than those which pursue national goals. Councilman Ray mentioned particularly the Corcoran and the Arena Stage.

The federation opposes the funds for the Landsberg Art Center and pointed out that historically art has moved into low-rent areas and Congress should support such moves. The Arts Commission doesn't provide subsidies for the artists in the Adams-Morgan, Georgetown, and Capital Hill areas and perhaps with appropriations in the budget for the Landsberg Art Center we'll find that next year they will be coming in with recommendations that artists in these other areas be subsidized.

In the Landsberg art area rents are $25 to $35 a square foot and land is selling for $500 to $600 a square foot. The Washington Opera, one of those groups subsidized, charges up to $35 a seat at the Kennedy Center. We think that what the art groups ought to do is to form sort of a United Way proposal, that they try to raise funds throughout the entire metropolitan area rather than just trying to come to Congress first.

In closing, we want to refer to the statement for the business association. I notice that the Washington Times yesterday said that the Reagan administration tried to quell political fires at the annual convention of the Nation's Mayors with reassurances that the cities won't be sacrificed in the budget battle. The economic well-being of the cities is vital. President Reagan said that in a letter to the U.S. Conference of Mayors.

Now, we have a problem in the Adams-Morgan area. It is an area where unemployment among minority youth is running over 50 percent. One of the largest parts of the 1983 budget is a budget for the Department of Housing and Community Development. There have been no funds used to try to reduce unemployment. None of the funds from the Community Development Block Grant Funds which Congress appropriates to Federal HUD and then HUD gives the city $25 million a year. We think some of that money ought to be used in the inner city, not only in our area but other areas. I think there have been studies made by the District of Columbia Office of Latino Affairs and by the Washington Urban League. The need is real up there and we're particularly interested in the—I have a letter here, a comment from the Council of the District of Columbia, a subcommittee headed by or a committee headed by Mrs. Jarvis, for Housing and Economic Development, in which she's very interested in the proposal which we've developed in our statement for the business association, and that is the use of Community Development Block Grant Funds to help the tenants at the Imperial, which has been a very controversial issue for a long time, help those tenants buy the Imperial, and that it be developed in accordance with a zoning so that there could be two floors where you could provide jobs, new businesses, jobs for the Latino and blacks, unemployed youths and family heads in the Adams-Morgan area.

I think that concludes my statement.

Senator D'Amato. Let me thank you very much for your statement. I was reviewing this with Mr. Leeth in terms of the matter of the HUD problem that you suggested. That's a very complex problem.

Mr. FRAIN. Yes, sir, it is.

Senator D'AMATO. We have referred the matter to HUD for their review.

Mr. FRAIN. Yes, sir.

Senator D'AMATO. As of today's date we have not received a detailed answer but we are looking at that problem.

Mr. FRAIN. Yes, sir. Well, our proposal is a very—let me just tell you about that.

Senator D'AMATO. Let me ask you this, because I'm only going to be able to listen to one more witness and I'd like to at least do that, to say that if you wish to go into this in any depth, any more detail, to contact Mr. Leeth. He is familiar with this and he'll serve as the liaison

Mr. FRAIN. We've outlined it in our testimony quite well.

Senator D'AMATO. I know that.

Mr. FRAIN. We think that what we're asking is that the city and this committee suggests or help the tenants buy that building. The maximum cost would be $750,000. The Mayor's proposal for public housing involves over $12 million.

Senator D'AMATO. I understand that and it's a very interesting proposal, a very intriguing one, and we will take that up also with the administration.

Mr. FRAIN. Thank you, sir.

[The statements follow:]

STATEMENT OF J. GEORGE FRAIN, SECRETARY, THE EIGHTEENTH AND COLUMBIA ROAD BUSINESS ASSOCIATION

Mr. Chairman,

Our business association is integrated, our members operate their businesses in the inner city area of the District of Columbia known as Adams-Morgan.

It is the most integrated area in the city, we have some wealthy businesses in our area, for example, branches of Safeway, and Giant food stores, and Riggs Bank, American Security Bank, and Perpetual American Federal Savings and Loan are located in our business area, and provide hundreds of jobs between them.

The Washington Hilton Hotel is located in our area, and it is one of the busiest convention hotels in the city.

At the same time, as the D. C. Department of Housing and Community Development and Mayor Marion Barry Jr. point out in their application for over $10 million to acquire and rehabilitate the Imperial apartment building in our business area to public housing for families --their application was made to Federal HUD and to HUD Secretary Samuel R. Pierce, Jr. on April 30, this year -- the Adams-Morgan neighborhood, and I quote:

> "encompasses a physical area of approximately 50 census blocks, with a population of 27,000 residents, 65% of whom are non-white and 35% of whom are white. The neighborhood is predominantly residential, with small commercial entities lining 18th Street and Columbia Road, Northwest....
>
> "A 1980 study of the housing and demographic characteristics of the Adams-Morgan neighborhood indicated that while 18% of the households surveyed had an income of over $30,000 annually, 35% had incomes under $10,000 annually. The study surveyed 1,141 households".

Two other important studies were made of the Adams-Morgan area, (1) one by contract for the D.C. Office of Latino Affairs, in 1980 which found that "Latino residents of Washington's Adams-Morgan and Mt. Pleasant sections have substantially higher rates of unemployment, live in poorer housing, and earn far less than their black or white neighbors...Many of these unemployed have been without jobs for more than a year, and fewer than 9 out of 10 receive any unemployment benefits," according to the Washington Post of April 22, 1982. It called for jobs, and housing, but it did not call for public housing, a vital point.

(2) A second study of Adams-Morgan, along with a study of four other areas, was made by the Washington Urban League in 1978 titled "SOS '78" and it called for jobs and business development and housing --and this study didn't call for public housing.

Mayor Barry and the D.C. Department of Housing and Community Development (DHCD) have not to date provided one red cent of Community Development Block Grant (CDBG) funds to help provide assistance to the existing small businesses in Adams-Morgan.

Former HUD Secretary Patricia Roberts Harris told us when she spoke to us on May 4, 1982 that if she is elected Mayor she will sit down with the existing businesses, help them identify needs, and help them write CDBG and UDAG applications and help get those applications approved.

Thomas J. Owen, Chairman of the Board of Perpetual American Federal Savings and Loan, wrote us on January 6, 1982 saying:

> "It is absolutely essential, if we are to have a healthy city, that employment opportunities be available to all elements of the population."

The Washington Post (Nov. 30, 1981) reported that quote: "D.C. always has suffered tremendous unemployment among its poor, unskilled and uneducated. Indeed this community has the nation's highest rate of unemployment among minority youth aged 18-25 years".

The Washington Post reported a speech made by R. Robert Linowes on May 18, 1981 to the National Conference of Christians and Jews in which he said:

> "The gap between social groups in the metropolitan Washington area is wider and potentially more dangerous than at any time in the past decade.... This community has been struggling for years to reduce outrageous levels of minority youth unemployment. But we have made only a dent. And now we are confronted by an even more serious dilemma--a significant increase in the number of unemployed heads of households."

There is no question at all that unemployment among minority young people in Adams-Morgan is high -- very high, dangerously high -- possibly as high as 50-percent, and the unemployment of heads of households is also high as the studies I have referred to and cited above show.

We would think that inner city areas such as Adams-Morgan is where the Congress and this Subcommittee and its members would be urging the D. C. Department of Housing and Community Development and Mayor Barry to now concentrate some community development (CDBG) funds.

We think this is more important than spending hundreds of millions of dollars -- over $500 million according to the Board of Trade -- of public funds in the Downtown business area which is immediately adjacent to the Federal enclave area and doesn't need urban renewal, Pennsylvania Avenue Development and other expensive projects.

No one lives in the Downtown commercial area, or in the Federal enclave area -- at least not more than a handfull and they are probably visitors on an expense account who have come to the Nation's Capital to get financial help for a very important project back home for their cities or a works project.

As I have stated earlier, the D.C. Department of Housing and Community Development and Mayor Barry have applied to Federal HUD for over $10 million to acquire, convert, and run over the next thirty years a 36-unit apartment building in Adams-Morgan for public housing for families.

Mayor Barry wrote Federal HUD Secretary Samuel Pierce on April 30, 1982 and his letter is in the application to HUD for over $10 million for the Imperial public housing project. Mayor Barry wrote that:

> "As indicated, the acquisition and rehabilitation of the Imperial will be costly. The estimates in the report indicate a possible shortfall in the ACC funds of $67,250. To guarantee the successful completion of the Imperial the Department makes a commitment of CDBG funds to offset any deficiency in ACC funds."

Imagine getting $10 million plus for the Imperial project for the minuscule contribution by the city of only $67,250.

Further, with the Mayor's commitment of CDBG funds to offset any deficiency in ACC funds the Mayor and the D.C. Department of Housing and Community Development clearly recognize the Imperial project may cost several million dollars more than the requested sum of $10 million plus in public housing funds.

We have suggested to Mayor Barry and to the officials at the city's Department of Housing and Community Development that they sell the Imperial to the tenants for $750,000 and that the CDBG funds be used to develop the lower two floors of the Imperial commercially -- in accordance with existing zoning which is a commercial/residential mix (C-2-B) -- to provide scores of new businesses and new jobs.

In this way, the city might be able to cut back on the many millions of dollars the city calls on the Congress to appropriate each year for a summer jobs program, it would be an important step forward.

The tenants have signed a contract with the owner of the Imperial as of June 2, 1982 to buy the Imperial for $750,000 tops and no less than $510,000.

The city officials including Mayor Barry are asking at least twenty times as much in public housing funds to be provided by Federal HUD, for a project that has many drawbacks as a public housing project. The Imperial, for example, has an elevator, and the [illegible] families now in the Imperial as tenants would have to go to the head of waiting list of 7,000, many of whom have been on the waiting list for five years.

We have presented testimony on this plan to the D. C. City Council, that is, to sell the Imperial to the tenants and save the nation's taxpayers over ten million dollars. We would appreciate it if you would include this testimony, and the text of the contract signed by the Imperial's tenants, as part of my testimony here today.

Thank you.

LETTER FROM J. GEORGE FRAIN

June 18, 1982

Hon. Charlene Drew Jarvis
Chairperson, Committee on Housing
and Economic Development
D. C. City Council
District Building
14th and E Streets, N.W.
Washington, D. C. 20004

Dear Chairperson Jarvis:

We understand that the census tracts will be retained in the CD boundaries. Further, we are reliably informed that DHCD's Robert L. Moore suggested that Census Tracts 39, 40 and 42.01 be removed from the CD boundaries because of the findings of the 1980 census that the income in these census tracts was higher than HUD guidelines permitted, and that the CD funds should be expended in needier areas.

Our business association has voted to keep the business area within the CD boundaries, and to delete the residential portions of census tracts 39 and 40 including the Kalorama Triangle's residential portion because of their high income.

In the city's application for over $10 million in public housing funds backed by CDBG funds for the acquisition and conversion of the Imperial to a public housing project for families the DHCD pointed out that:

> "A 1980 study of the housing and demographic characteristics of characteristics of the Adams-Morgan neighborhood indicated that while 18% of the households surveyed had an income of over $30,000 annually, 35% had incomes under $10,000 annually."

> For the business area it is clear that such large and powerful businesses as a) Riggs Bank, b) American Security Bank, c) Perpetual American Federal S&L, d) Giant, and e) Safeway have branches in Adams-Morgan and obviously don't need CD help, the small and very small (micro) businesses do need CD help as well as SBA-LDC low-interest-rate loans and other city help. The City's application to HUD for over $10 million for the Imperial project states that the Adams-Morgan "neighborhood is predominantly residential, with small commercial entities lining 18th Street and Columbia Road, Northwest." It is precisely these "small commercial entities" which need CD help and have never gotten one red cent to date of CDBG funds.
>
> We have repeatedly written to Federal and Regional HUD officials, to Mayor Marion Barry Jr. and to DHCD's Robert L. Moore about the need to use CD funds in Adams-Morgan to help the "small commercial entities" on 18th Street and Columbia Road but have so far been unable to pry loose one red cent of help in the form of CDBG funds.

We hope your Committee will support our plan to use CDBG funds to help the tenants at the Imperial Apartment building at 1763 Columbia Road, NW become owners of that key building and develop the lower two floors and two floors below grade commercially in accordance with the C-2-B zoning which provides and supports a commercial/residential mix. Such a mixed-use development would be in line with the city's laws supporting tenant ownership and it would give the Latino community a high-visibility project which would provide minority business and job opportunities of the utmost importance to stabilize the Adams-Morgan area where unemployment is high and incomes are low.

Whatever the 1980 Federal Census found, there are pockets of real need in the Adams-Morgan area as shown by: a) the 1980 study of Adams-Morgan cited in the city's application to HUD for the Imperial Project; b) the 1980 study of the Adams-Morgan area under a contract for $72,000 let by the D.C. Office of Latino Affairs; and c) the 1978 study of Adams-Morgan and five other areas by the Washington Urban League in 1978 titled "SOS '78".

It is clear the 1980 Federal Census findings must not, and do not rule out individual projects of need, nor do Federal HUD guidelines and regs.

Our Alternative Plan Which Provides Tenant Ownership of the Imperial

Recently, as the Washington Post reported June 7, 1982 in an article attached titled "Tenants Agree to Move Sept. 1 If City Cannot Buy Building", we quote:

> "Mayor Marion Barry asked federal officials in April for permission to use $3 million in unspent public housing funds to buy and renovate the Imperial. But the U.S. Department of Housing and Urban Development rejected that proposal because of Reagan budget policy that calls for unspent funds to be returned to the Treasury."

In the city's application to Federal HUD for over $10 million for the Imperial public housing project Mayor Marion Barry Jr. has a letter in which he says -- his letter is dated April 30, 1982 -- that:

> "As indicated, the acquisition and rehabilitation of the Imperial will be costly. The estimates in the report indicate a possible shortfall in the ACC funds of $67,250. To guarantee the successful completion of the Imperial the Department makes a commitment of CDBG funds to offset any deficiency in ACC funds."

We have developed an alternative plan --which is an updated version of our alternative plan for the Imperial which we presented to Federal HUD on March 23, 1982 -- which provides for Tenant Ownership of the Imperial & these steps:

1. Use part of the city's $25 million annual CDBG fund to finance immediate tenant purchase of the Imperial for $750,000, we are sure this is entirely legal and feasible.

2. Use part of the city's $25 million annual CDBG fund to develop the lower two floors of the Imperial plus two floors below grade for commercial

use in accordance with the mixed commercial/residential zoning (C-2-B) adopted by the city for the entire block in which the Imperial is located in 1967, thereby to provide new minority business opportunities and new minority jobs for the unemployed family heads and minority youth in Adams-Morgan and more taxes for the city so that important things such as clinics and other basic needs of the city can be paid for.

We are sending you herewith a copy of the "CONTRACT FOR THE SALE OF 1763 COLUMBIA ROAD, N.W. WASHINGTON, D.C." dated June 2, 1982.

Note, this contract was signed by Casilda Luna, President of the Imperial Tenants Association, and by George S. Dravillas, seller and owner of the Imperial. It is a very important contract deserving of your support.

Note, this contract was prepared by the attorney for the Imperial Tenants Association, Wilmer and Pickering, and has the approval of the Corporation Counsel. This contract deserves your serious consideration.

Only by the use of CDBG funds could this "CONTRACT FOR THE SALE OF 1763 COLUMBIA ROAD, N.W." be consummated. A UDAG would take too long.

Please note that Mayor Barry's plan for purchase of the Imperial for public housing for families will shut the door forever to tenant ownership at the Imperial. We believe your Committee should help the tenants at the Imperial become owners, a step which is in line with city laws and the intent of the city council which support and encourage tenant ownership.

It appears that DHCD has made a studied attempt to deny tenant ownership at the Imperial. In this regard we call your attention to this excerpt from the lawsuit filed by Wilmer & Pickering, as attorneys for the Imperial Tenants Association Inc. on October 10, 1980 in the Superior Court of the District of Columbia:

> "The Unsuccessful Search for Financing 20. Immediately after executing the purchase contract, representatives of the Tenants Association began intense efforts to secure financing for the purchase. Efforts to secure conventional financing were unavailing. Interest rates during the 60-day settlement period were at an all-time high. The District of Columbia Department of Housing and Community Development was unwilling to finance the entire purchase, but agreed to lend the Tenants Association $250,000."

Perhaps the bureaucrats at DHCD expected the tenants at the Imperial to finance the rest of the purchase amounting to $725,000 by bake sales. The DHCD offer was totally unrealistic, it treated the Imperial's tenants as if they were upper-income tenants and not as what they actually are, low-income hard-working Black and Latino families.

If Mayor Barry can use, as he proposes to do, CDBG funds to "guarantee the successful completion of the Imperial" for public housing, then surely with some help from your Committee CDBG funds can be used to finance the purchase of the Imperial and its development in accordance with the mixed use commercial/residential C-2-B zoning as proposed in our alternative plan.

We would appreciate your support and your ideas for improvement of our alternative plan. We believe the entire Adams-Morgan community will support our alternative plan if given a chance. And, unless your Committee supports our plan the tenants will 1) be displaced from the Imperial by September 1, and 2) will be denied the opportunity to purchase the Imperial. Clearly, Mayor Barry's plan for conversion of the Imperial to public housing families will require waivers for a) the elevator, and b) putting the 16 families at the Imperial on the waiting list ahead of the 7,000 families on that list now which would be most unfair to the needy families on the waiting list, some of whom have been on the list for 5 years -- as the Washington Post pointed out in the attached article of June 7, 1982.

We are sending you 10 copies of this statement for your committee's use.

Respectfully submitted,

J. George Frain

J. George Frain, Secretary
The Eighteenth and Columbia Road Business Ass'n

THE WASHINGTON POST Monday, June 7, 1982

Tenants Agree to Move Sept. 1 If City Cannot Buy Building

By LaBarbara Bowman
Washington Post Staff Writer

The 16 low-income tenants of the Imperial Apartment Building in Adams-Morgan have agreed to move out Sept. 1 if the city government has not succeeded in buying the building by that date.

The unusual agreement, which ends a bitter two-year struggle between the tenants and owner George S. Dravillas, a well-known real estate agent and developer, calls for Dravillas to pay each tenant $10,000 if they must move.

The city intervened in the long-running dispute two months ago by making an unusual offer to buy the building at 1763 Columbia Rd. NW and convert its 36 units to public housing. The point of that effort, officials said then, was to prevent the tenants from being displaced.

The residents signed the agreement with Dravillas last week "to protect ourselves," according to tenants association president Casilda Luna. "We need a place to live and we hope we won't have to leave Adams-Morgan," she said, adding later: "If the city cannot buy it, at least we will have the $10,000."

The city's effort to buy the building appears to be making little headway.

Mayor Marion Barry asked federal officials in April for permission to use $3 million in unspent public housing funds to buy and renovate the Imperial. But the U.S. Department of Housing and Urban Development rejected that proposal because of Reagan budget policy that calls for unspent funds to be returned to the Treasury.

The city has now requested new federal funds, according to city housing official Marcus Dasher, whose office buys new housing properties.

Terry Chisholm, head of the local HUD office, said that at this point no public housing funds are available, but that his office is reviewing the request and hopes to make a recommendation on it by July 1.

Chisholm said that, while he has met with city housing officials about the Imperial proposal, he had not been told of the Sept. 1 deadline.

"If we were informed that there was a possibility that people could be displaced, we sure as hell would want to see if we could take those actions under our control that would prevent that displacement," he said.

Chisholm said that approving the city's request would require federal officials to waive two regulations, one prohibiting elevators in public housing for families, and the other requiring tenants to be admitted to new projects on a first-come, first-served basis.

The city's public housing waiting list now includes 7,000 families, some of whom have been waiting for as long as five years. Washington officials want to allow the Imperial's current tenants to remain, and to fill the 20 empty apartments from the waiting list.

CONTRACT FOR THE SALE OF 1763 COLUMBIA ROAD NW., WASHINGTON, D.C.

This Contract is entered into on the 2nd day of June, 1982, between George S. Dravillas (hereinafter referred to as "Seller") and the Imperial Tenants Association, Inc. (hereinafter referred to as "Purchaser"), for the sale of a certain parcel of real property constituting Lot Four Hundred Thirteen (413) in Square Two Thousand Five Hundred Eighty (2,580), with improvements thereon known as The Imperial, 1763 Columbia Road, N.W. in the District of Columbia (hereinafter the "Property"). Seller hereby covenants and agrees to sell and convey the aforesaid Property to the Purchaser on the following terms and conditions.

1. The purchase price for the Property shall be established as follows.

(a) By not later than June 15, 1982, Seller and Purchaser shall each retain one appraiser, each of whom shall be a Member of the American Institute of Real Estate Appraisers, to prepare and deliver to Seller and Purchaser their respective written appraisal reports concerning the value of the Property, in accordance with paragraph 2 hereof, by not later than June 30, 1982. If either party fails to retain an appraiser as aforesaid, then a determination of the value of the Property by the other party's appraiser shall, subject to subparagraph (d) of this paragraph, be the purchase price under this Contract. In the event there is no difference between the two appraisers with respect to the value of the Property, the value so determined shall, subject to subparagraph (d) of this paragraph, be the purchase price of the Property under this Contract.

(b) In the event there is a difference between the two appraisers with respect to the value of the Property, the two appraisers shall attempt to resolve their differences and arrive at one value for the Property, and so advise the parties hereto by not later than July 8, 1982. The value so arrived at shall, subject to subparagraph (d) of this paragraph, be the purchase price under this Contract.

(c) In the event the two appraisers are unable to resolve their differences as aforesaid within the time provided, each appraiser may revise the value set forth in his original appraisal report to arrive at his final value of the Property as and if said appraiser in his sole discretion deems such revision appropriate, and shall advise the Parties hereto of his final value by July 15, 1982, and, subject to subparagraph (d) of this paragraph, the purchase price of the Property under this Contract shall be the average of the two final values arrived at by the two appraisers.

(d) If the value of the Property determined by the appraisers pursuant to subparagraphs (a), (b) or (c) of this paragraph is higher than $750,000, the purchase price of the Property under this Contract shall be $750,000. If the value of the Property determined by the appraisers pursuant to subparagraphs (a), (b) or (c) of this paragraph is lower than $510,000, the purchase price of the Property under this Contract shall be $510,000.

(e) If, at any time before a purchase price of the Property is finally determined pursuant to subparagraphs (a) through (d) of this paragraph, the Seller and a representative of the District of Columbia designated by the Purchaser agree, through negotiations, on a purchase price for the Property, the price agreed upon in such negotiations shall be the purchase price of the Property under this Contract in lieu of any price that otherwise would have been established through the appraisal mechanism.

2. Each appraiser shall determine the fair market value of the Property on the basis of what a third party would pay for the Property in an arm's length transaction, taking into account the present physical condition of the Property, the applicable zoning restrictions (as well as the reasonable likelihood of obtaining an exception therefrom), and such restrictions

on the use of the Property as may exist under laws of the District of Columbia relating to rental housing. Up to $1,500 of the fee of each of the appraisers appointed by the Seller and Purchaser shall be paid out of the Escrow Account that was established pursuant to the settlement agreement approved by Judge Bowers in L&T Nos. 53462-80 through 53465-80, 57336-80 through 57339-80, 60421-80 through 60424-80, 87316-80, 87276-80 through 87278-80, 88001-80, and 88002-80 (Consolidated).

3. By August 1, 1982, the Purchaser shall deliver to the Seller a written assignment of this Contract to the District of Columbia, together with the District of Columbia's acceptance of said assignment and all the terms and conditions of this Contract (including, without limitation, the purchase price established pursuant to paragraphs 1 and 2 hereof). In the event the Purchaser does not deliver the assignment and acceptance as aforesaid, this Contract shall terminate on August 2, 1982, without any liability of either party hereto to the other. If at any time prior to or after such assignment to and acceptance by the District of Columbia, the District of Columbia notifies Purchaser, orally or in writing, that the District of Columbia is unwilling or unable to purchase the Property, Purchaser shall, within one (1) day after receipt of such notification, notify Seller in writing of the recipt of such notification from the District of Columbia and the contents thereof, and this Contract shall terminate on the date upon which Seller receives such notification from Purchaser, without any liability of either party hereto to the other.

4. The full purchase price shall be paid in cash or by cashier's check at the time of settlement.

5. The property shall be conveyed free of encumbrances, and the existing mortgage thereon shall be satisfied in full and released on or prior to the date of settlement; title is to be good of record, subject however, to covenants, conditions and restrictions of record, if any. In case legal steps are necessary

to perfect the title, such action must be taken promptly by and at the Seller's expense, whereupon the date herein specified for full settlement by the Purchaser will thereby be extended to the third day following the date upon which title is perfected.

6. Seller agrees to execute and deliver a good and sufficient special warranty deed, and to pay for Federal revenue stamps on the deed.

7. The Property is sold and shall be conveyed subject to existing tenancies for occupied apartment units. Seller agrees to give possession at time of settlement. However, should Seller fail so to do and thereafter continue in occupancy or possession of said Property, he shall, and by virtue of this agreement does thereupon become and remain, a tenant at sufferance of the Purchaser, and hereby expressly waives all notice to quit as provided by law. In such event, the Title Company through which settlement hereunder is made is hereby authorized and directed to hold and retain all proceeds to which the Seller may be entitled until possession shall have been given the Purchaser, and to deduct therefrom and remit to the Purchaser said Purchaser's reasonable costs, damages and expenses, including a reasonable attorney's fee, incurred in obtaining such possession. The Seller further agrees, in such event, that no stay of execution shall be requested or granted upon any judgment rendered for possession of the Property.

8. Seller assumes the risk of loss or damage to said Property by fire or other casualty until the executed deed of conveyance is delivered to Purchaser.

9. At the time of settlement, Seller shall provide to Purchaser a written certification from a licensed exterminator that, based upon careful visual inspection of accessible areas of the building, there is no visible evidence of infestation of termites or wood boring insects. If infestation exists, Seller is to exterminate. Seller, at his own expense, is to repair any prior or current visible structural damage caused by termites or wood boring insects prior to settlement.

10. Settlement is to be made at the offices of the Title Company searching the title, and the funds representing the purchase price are to be deposited with said Title Company at settlement. The deed of conveyance and such other papers as are required by the terms of this Contract shall be deemed and construed as a good and sufficient tender of performance of the terms hereof.

11. Rents, taxes, water rent, insurance and interest on existing encumbrances, if any, and operating charges are to be adjusted to the date of transfer., Taxes, general and special, are to be adjusted according to the certificate of taxes as issued by the Collector of Taxes of the District of Columbia, except that assessment for improvements completed prior to the date hereof, whether assessment therefor has been levied or not, shall be paid by the Seller or allowance made therefor at the time of transfer.

12. Examination of title, tax certificate, conveyancing, notary fees, state revenue stamps, if any, and all recording charges are to be at the cost of the Purchaser, provided however, that if upon examination, the title should be found defective and is not remedied as aforesaid, the Seller agrees to pay the cost of the examination of the title.

13. Settlement shall take place at 10:00 a.m. on September 1, 1982, or on such earlier date as Seller and Purchaser may mutually agree. Time is of the essence of this Contract.

14. The Property is to be conveyed in the name of Purchaser or the District of Columbia or such department or agency thereof, as shall be designated by the Purchaser.

15. No commission will be paid to any broker.

16. This Contract shall not be assignable by either party except that Seller hereby consents to assignment of this Contract by Purchaser to the District of Columbia government, or an agency or department thereof (provided that Purchaser and said

District of Columbia government are expressly prohibited from any other or further assignment hereof). References in this Contract to the "District of Columbia" mean said District of Columbia government.

17. Subject to the provisions of the other paragraphs of this Contract, the Property is to be sold and conveyed in "as is" condition.

18. The Recordation tax and Transfer tax are to be paid by the Purchaser.

19. The parties to this Contract mutually agree that it shall be binding upon them, and upon each of their respective heirs, executors, administrators, successors (including any purchaser at a foreclosure sale of the property) and permitted assigns; and that the provisions hereof shall survive the execution and delivery of the deed aforesaid and shall not be merged therein.

20. This Contract is entered into for $1.00 and other good and sufficient consideration, receipt of which is hereby acknowledged; such consideration expressly includes agreement by the parties to the Stipulation, Consent Order and Judgment in Civil Action No. 13978-80, L&T Nos. 97114-80 through 97129-80 (Consolidated) and L&T Nos. 53462-80 through 53465-80, 57336-80 through 57339-80, 60421-80 through 60429-80, 87316-80, 87276-80 through 87278-80, 88001-80, and 88002-80 (Consolidated). Except as may be otherwise provided in the foresaid Stipulation, Consent Order and Judgment, this Contract, which is executed in triplicate, represents the full and complete agreement of the parties.

We, the undersigned, hereby ratify, accept and agree to the above Contract of Sale and acknowledge it to be our contract.

[illegible], 19 82
Purchaser
Imperial Tenants Association, Inc.
By: Casilda Luna, President

June 2, 1982
Seller
George S. Dravillas

STATEMENT OF J. GEORGE FRAIN, VICE PRESIDENT, FEDERATION OF CITIZENS ASSOCIATIONS OF THE DISTRICT OF COLUMBIA

Mr. Chairman,

I have the privilege of testifying for two groups of citizens of the District of Columbia today. I hope you will give me 5 minutes for each group.

As First Vice President of the Federation of Citizens Associations of the District of Columbia I submit a resolution on the city's vital pension funds for police, teachers, firemen, and Judges and the steps which we see as needed to protect these pension funds.

Frank A. Higgins, chairman of the D. C. Retirement Board, spoke to us at length on June 10, 1982 and he told us, as he has testified before the Committees of the Congress, that:

> "A related issue which threatens the actuarial soundness of the pension funds is the existing process for budgeting the annual net pay-as-you-go payments by the District. These payments must be certified by the Board almost two and one-half years prior to the close of the Fiscal Year. As is frequently the case, shortfalls in District funding levels often become apparent between the time of the initial actuarial estimates and the end of the particular Fiscal Year being considered."

Mr. Higgins went on to tell us that:

> "It is the District's position that no request for revisions in the amount of District payments to the funds will be considered in connection with the amended or supplemental budget process. In fact, the pension Funds' budgets are the only budgets which are not considered in the amended and supplemental budget process. As a result, when such a shortfall manifests itself, the Board may be forced to use the Federal payment to the retirement Funds to meet current costs."

Mr. Higgins pointed out to us that:

> "For example, as a result of the shortfall in the District contribution to the Teachers' Fund for Fiscal Year 1981, the D. C. Retirement Board had to make available $13.5 million of Pension Fund assets for pension benefit payments. This amount represents over 75 percent of the $17.68 million Federal payment to the Teacher's Fund, the intended purpose of which was to reduce accrued unfunded liability existing prior to Home Rule."

Mr. Higgins told us he had made two important recommendations to the Congressional Subcommittees on District of Columbia Appropriations — and our Federation supports both, and urgently asks this Subcommittee to:

1. Provide in the Fiscal Year 1983 Appropriations Act that the D.C. Retirement Board is entitled to use both the amended and supplemental budget process during the term of the 1983 Appropriations Act; and

2. Provide in the FY 1983 Appropriations Act for the payment of the Board's total administrative budget from the District's General Fund.

I would like to include two articles from the Washington Post, one is an editorial titled "City Pensions: Avoiding a Crash" dated May 18, 1981, and the second article is titled "D.C. Pension Fund Deficit Growing, Congress Warned", dated May 13, 1982.

The Washington Post article we include points out that the deficit in the D.C. government's employe retirement system will climb to a staggering $6.8 billion in 25 years unless Congress increases its annual payment to the fund, according to the D. C. Retirement Board.

Frank Higgins, chairman of the Retirement Board, testified it is imperative that the Federal Government increase its $52 million annual contribution to the retirement system to avert such a massive deficit.

It is interesting that D. C. Delegate Walter Fauntroy's reaction to this staggering deficit, was that, as quoted by the Washington Post,

> "There's virtually no chance for increased funds...with all of the fiscal conservatives around here".

Whereas, Rep. Stewart McKinney, the ranking minority member of the House District Committee, noted, according to the Washington Post, that

> "former Democratic President Jimmy Carter vetoed a measure that would have provided the retirement system with more in Federal funds."

Rep. McKinney went on to say that, as quoted by the Washington Post:

> "The Carter administration stonewalled us and I have no doubt the Reagan administration will do the same thing. The unfunded pension liability problem is strictly a federal problem. The Federal Government designed and built and passed this program, but getting it to approve more money for it is like whistling in the wind."

But it is clear that the District isn't doing its share, the Washington Post editorial which we include as part of our testimony says:

> "The problem seems remote today; no one can believe that nothing will be done in the next 20 years to avoid a crash that everyone can see coming. But this year, Mayor Barry has made the forecast of disaster even worse. He has opted not to put $23 million in pension obligations into the city budget, making the size of the unfunded pension that much bigger. Then he failed to make the scheduled quarterly deposits of $30 million into the pension fund--until the Reagan administration ordered that he do so."

The Pension funds are losing large sums in interest due to city actions. So, Faced with these problems our resolution says:

> "it is clear that if the Congress is to pay its share of its enactments with regard to the D. C. Retirement System before D. C. Home Rule was adopted, then the D. C. Government must now pay its full share on time".

Thank you.

Resolution on the City's Vital Pension Funds for Police, Teachers, Firemen and Judges and the steps needed to protect them and fully fund them.

Whereas, the Chairman of the D.C. Retirement Board testified on May 11, 1982 that the deficit in the D.C. Government's employee pension funds will climb to $8.8 billion in twenty-five years unless the Congress, the White House and the D. C. Government take positive steps to fully fund the retirement system covering police, teachers, firemen and judges; and

Whereas, any retirement system which is not fully funded is a cruel hoax on the trusting employees who pay into it; and

Whereas, The Washington Post said editorially (May 18, 1981) that "Mayor Barry has made the forecast of disaster even worse. He has opted not to put $23 million in pension obligations into the city budget, making the size of the unfunded pension liability that much bigger. Then he failed to make the scheduled quarterly deposits of $30 million into the pension fund--until the Reagan administration ordered that he do so"; and

Whereas, the Chairman of the D.C. Retirement Board testified to the Congress on May 11, 1982 that: "It is the District's position that no request for revisions in the amount of District payments to the Funds will be considered in connection with the amended or supplemental budget process. In fact, the Funds' budgets are the only budgets which are not considered in the amended and supplemental budget process. As a result, when such a shortfall manifests itself, the Board may be forced to use the Federal payment to the retirement funds to meet current costs"; and

Whereas, the Chairman of the D.C. Retirement Board addressed the Federation of Citizens Associations of the District of Columbia on June 10, 1982 and explained fully the predicament the D.C. Retirement System is in at this time because of inadequate funding; and

Whereas, it is clear that if the Congress is to pay its share of its enactments with regard to the D. C. Retirement System before D.C. Home Rule was adopted, then the D. C. Government must now pay its full share on time; and

Whereas, the Chairman of the D.C. Retirement Board suggested to Congress on May 11, 1982 "that Congress provide in the Fiscal Year 1983 Appropriations Act that the Board is entitled to use both the amended and supplemental budget process during the term of that Act": NOW, THEREFORE BE IT RESOLVED

That the Federation of Citizens Associations of the District of Columbia assembled on June 10, 1982 hereby urgently asks the Congress, Mayor Barry, and the D. C. City Council to do everything possible to provide in the Fiscal Year 1983 Appropriations Act (a) for the payment of the total administrative budget of the D. C. Retirement Board from the District's General Fund, and (b) that the D. C. Retirement Board is entitled to use both the amended and supplemental budget process during the term of the 1983 Appropriations Act; and

Be it further resolved that copies of this resolution be sent to Mayor Barry, the D. C. City Council, and the Members of the Senate and House District of Columbia Appropriations Subcommittees, the House District Committee, the Senate Subcommittee on the District, the D.C. Retirement Board, and the news media.

THE WASHINGTON POST Thursday, May 13, 1982

D.C. Pension Fund Deficit Growing, Congress Warned

By Eric Pianin
Washington Post Staff Writer

The deficit in the D.C. government's employe retirement system will climb to a staggering $8.8 billion in 25 years unless Congress increases its annual payment to the fund, according to new figures released by the D.C. Retirement Board this week.

The new estimate of the potential unfunded liability of the retirement fund for the city's teachers, police, firemen and judges is about $2.2 billion more than the U.S. Treasury Department projected in a study it prepared in 1980. Inflation was the major cause of the increase, according to Donald S. Grubbs Jr., the pension board's actuary.

Frank Higgins, chairman of the retirement board, told a House Appropriations subcommittee Tuesday it is imperative that the federal government increase its $52 million annual contribution to the retirement system to avert the massive deficit.

Several members of the House District of Columbia Committee, which oversees the D.C. government, said yesterday they were stunned by Higgins' projections but saw no possibility of Congress voting additional funds for the system this year.

"There's virtually no chance for increased funds with all of the fiscal conservatives around here," said D.C. Del. Walter E. Fauntroy, a member of the committee. "I must say I'm shocked and amazed by (Higgins's) statement."

Rep. Stewart B. McKinney, (R-Conn.), the ranking minority member of the committee, noted that former Democratic President Jimmy Carter vetoed a measure that would have provided the retirement system with more in federal funds.

"The Carter administration stonewalled us and I have no doubt the Reagan administration will do the same thing," McKinney said. "The unfunded pension liability problem is strictly a federal problem. The federal government designed and built and passed this program, but getting it to approve more money for it is like whistling in the wind."

Congress passed the D.C. Retirement Reform Act in 1979, establishing three major city-administered pension funds for teachers, police, firemen and judges, but did not provide sufficient funds to permit the new system to become self-sustaining through investing its assets.

The city currently contributes $130 million annually to the system, and city employes pay a total of $21.4 million a year.

The Washington Post MAY 18, 1981

City Pensions: Avoiding a Crash

OUT OF THE CORNER of his eye, he sees the other car. It's coming surely and steadily. But foot to the gas pedal, he ignores the stop sign and keeps driving.

The driver is Mayor Barry, and the passengers in the car are the city's police officers, teachers, firefighters, judges and residents. The car the mayor is driving is the city's pension plan. Every year the projections grow worse and show that a more terrible crash is coming. The projections now show that the city will not have enough money set aside to cover pension checks some time in the next 20 years. In 1976, city officials estimated that by 1999 there would be a $2.1 billion unfunded liability in the pension fund. Inflation pushes up the amount of that deficit daily.

The problem seems remote today; no one can believe that nothing will be done in the next 20 years to avoid a crash that everyone can see coming. But this year, Mayor Barry has made the forecast of disaster even worse. He has opted not to put $23 million in pension obligations into the city budget, making the size of the unfunded pension liability that much bigger. Then he failed to make the scheduled quarterly deposits of $30 million into the pension fund—until the Reagan administration ordered that he do so.

At the beginning of Fiscal Year '81, the federal government miscalculated the amount the city is legally obligated to put in the pension fund. After the year began, the federal government notified the District of its mistake and said the city would have to pay $23 million more. Mayor Barry has used the late notice as an excuse not to pay. While he is right on the small point that the city is not legally required to pay the extra money this year, he is wrong on a larger point. By not making that payment, he is adding to the city's massive pension problems. He is also adding to the city's future budget problems. By not paying the $23 million out of this year's budget, he is putting next year's budget out of balance because it was not designed to handle the extra cost of pension debts that are not paid this year.

Similarly, if the federal government had not demanded that the city make its payments on time, the city would have had to make up for lost interest in future budgets. The amount of interest already lost to the city is about $1.8 million, according to Frank Higgins, chairman of the D.C. Retirement Board, which oversees the fund. City administrator Elijah Rogers' explanation for not having made the quarterly payments—until the federal government required the city to do so—is that some interpretations of the law have it that payments are not required on a quarterly schedule. A reading of the law shows that its intent is clearly that the city should make payments to the pension fund every three months. But Mr. Rogers' thinking parallels the city government's attitude on other matters of Get-Away-With-What-You-Can. That is an attitude that ignores all signals warning the city to step on the brakes or risk a deadly crash of the pension fund. Does the mayor think he is best serving the city by pushing the pension debt up higher and higher and bringing the city closer to the day when retirees may not get pension checks?

The federal government was right to force the city to make its quarterly payments. The city should also deposit the additional $23 million the federal government says it owes the pension fund. Those payments are properly part of the city budget, and the mayor must balance that budget without hiding expenses.

The pension fund's long-term prognosis is more troubling and requires even tougher action. First, the city must go to Congress to get the federal government to completely pay its share of the unfunded liability that accrued before the city gained home rule. Second, the city must renegotiate pension benefits, particularly inflation clauses on pensions in the District workers' contracts, to lower the exorbitant costs of pensions. The warning signals of an impending crash of the city's pension system are there to be seen; it's up to the mayor to step on the brakes.

NEEDS OF THE PEOPLE

STATEMENT OF WILLIAM RICE, COORDINATOR, GWOGFOSS

Senator D'AMATO. Our next witness is Mr. William Rice. We're just looking for your testimony. We do have it here.

Mr. RICE. I appreciate the opportunity to speak before you today. On my left is Mrs. Eleanora Jackson, who is another coordinator of our coalition. To her left is Mr. Charles Braxton of the Washington Teachers Union.

Mr. Chairman, my name is William Rice and I am the coordinator of Greater Washington Organizations for Government Funding of Social Services.

Senator D'AMATO. Let me interrupt you a second because I'm going to have to leave. But I'd like to ask Mr. Braxton something on a matter that you are probably not prepared to give any testimony on, but just give me a little input. You were here when Mr. Manasa talked about the Washington Education Project. What's your feeling about that?

Mr. BRAXTON. I think our feeling would be one of support on the value and the validity of the project.

Senator D'AMATO. Good, good. You don't see any difficulty, then, from the perspective of the teachers or the unions becoming upset with this program?

Mr. BRAXTON. No.

Senator D'AMATO. Wonderful. I hope you didn't mind me giving you that question.

Mr. BRAXTON. Not at all.

Senator D'AMATO. But I like to get that kind of perspective as well and when it has that kind of support from those who might raise an eyebrow and say, "No, that's infringing in our job area," but recognizing that the job is so big and the resources are so limited that this really is a supplement and can only aid in that educational process. I'm glad to hear that that's your opinion.

Mr. BRAXTON. Mr. Chairman, I might add that the Superintendent, with the concurrence of the teachers and the union and the educational community generally has always indicated her full support and desire for this kind of assistance.

Senator D'AMATO. Wonderful. Mr. Rice?

Mr. RICE. Thank you very much. There's a list of our members at the back of the testimony.

GWOGFOSS is a coalition of 17 organizations in the Washington metropolitan area that are united in the belief that it is government's responsibility to serve the needs of the people. This testimony is the joint presentation of GWOGFOSS and the Washington Teachers Union, which is the bargaining agent for all of the educational services employees in the District of Columbia public school system.

We have provided each of the committee members present with our full testimony and we hope you will read it. The following is a condensed version of the full report.

We have addressed four subjects that should be considered when determining the appropriations of the District of Columbia for fiscal year 1983. The first is local budget decisions. The District is planning to expand its contracting out policies, especially in the youth services administration. We object to that policy, as well as to the holding constant from this fiscal year to the next and in some cases the lowering of expenditures and estimated demand for certain human services programs, among them alcoholism treatment and shelter for homeless families.

Since practically none of this so-called straight lining reflects anactual leveling off of demand, more money should be appropriated to meet the public's real needs.

The District has also been twice guilty of counting on uncertain outside revenues to replace city funding. First, one expects delinquent paternal support payments to make up for $2 million to the AFDC cut, and again, when it depends on an anticipated but far from assured increase in Federal medicaid payments to the Forest Haven Institution for the Mentally Retarded to cover another $2 million cut in city funding.

We support full funding of the school budget and believe the committee will understand the rising cost of education in the face of declining overall enrollment, if it keeps in mind that the special student populations, including the handicapped and the poor, are increasing in size.

Experts agree that the cost of programs for the handicapped are extremely difficult to calculate and the degree of poverty in the public school system is illustrated by the fact that over half of the students were eligible for free or reduced-priced lunches during the 1979–80 school year. The Washington Teachers Union, of course, has prepared separate testimony which discusses the school budget in greater detail.

Who should be responsible for St. Elizabeths Hospital for the Mentally Ill is our next subject, and it is a well-worn subject. We have found references to nine attempts since World War II to transfer the 127-year-old institution from the Federal Government to the District of Columbia. The present proposal, of course, calls only for the Federal Government to pay less of the operating costs and for the District to pay more. But the general opinion is that this shift of the cost burden is the first step in the forced transfer of St. Elizabeths from Federal to local control.

Over the 35 years that this question has been debated, many reasons have been given for why the Southeast Washington facility should be transferred. Most of them no longer apply but one is particularly appropriate to the current administration's philosophy, that being that the Federal Government wishes to cut its expenses.

But if the administration claims it is trying to clarify responsibilities as well as cut its own costs by transferring the hospital, that is, that the transfer would be part of its new federalism——

Senator D'AMATO. Mr. Rice, I don't mean to intervene in your testimony, but I've read the next several pages. This committee agrees with you. We have already indicated to the Appropriations Committee, the full committee, and to the subcommittee chairman, Senator Schmitt, our concern and we believe that this will not take place and what we are fighting for is to put a lid on, a cap, at $23 million, and the city has been advised of this. Obviously, you haven't been, so I bring it to your attention and I am very hopeful that that will be the final outcome, that we will reprogram some money to accomplish that.

Mr. RICE. I see. I would only note that our actual proposal was that the Federal Government should take over full financial responsibility for the hospital.

Senator D'AMATO. I think that our compromise is a reasonable one and one that the city also finds that it can live with, given the fact that the Federal Government has increased the appropriations for the city this year by some $24 million. Last year it was $36 million. That's a total of $60 million or a 20-percent increase just in that one area. So, there have been some tremendous cutbacks in many areas but when it comes to the direct grant or Federal funding to the city, I must confess that I think it has met its responsibility.

Obviously, there are great problems. There are many problems. There are numerous problems. But I don't think that we can be accused, and the administration is accused of many things, but in this particular case I have to say that they have been moving, I think, in a responsible direction and I would hope that you would share that opinion, at least in regard to this matter.

Mr. RICE. I appreciate that. Should I read on?

Senator D'AMATO. No; because I don't believe that it's necessary. Your entire statement and, in addition, your summary that you're reading now, will be placed in the record. But I wanted to leave you with that information and tell you that that concern, which was a very real concern of this committee and other members of the committee, has been answered, or we are well on our way to answering that question, that problem.

Mr. Rice. I see. Thank you very much.

Senator D'Amato. Thank you very much. Thank you all for coming in.

I'm going to have to turn this over to Mr. Leeth and as I indicated before, if there are any other matters which you wish to submit to us, why, please continue to do so.

[The statement follows:]

STATEMENT OF WILLIAM RICE

Mr. Chairman, my name is William Rice and I am a coordinator of Greater Washington Organizations for Government Funding of Social Services--GWOGFOSS. GWOGFOSS is a coalition of 17 organizations in the Washington Metropolitan Area united in the belief that it is Government's responsibility to serve the needs of the people. This testimony is the joint presentation of GWOGFOSS and the Washington Teachers Union, which is the bargaining agent for all of the educational services employees in the D.C. public school system.

We have provided each of the committee members present with our full testimony, and we hope you read it. The following is a condensed version of the full report.

We have addressed four subjects that should be considered when determining the appropriation to the District of Columbia for Fiscal Year 1983. The first is local budget decisions. The District is planning to expand its contracting-out policies, especially in the Youth Services Administration. We object to that policy, as well as to the holding constant from this fiscal year to the next--and in some cases, the lowering--of expenditures and estimated demand for certain human services programs, among them alcoholism treatment and shelter for homeless families. Since practically none of this so-called "straight-lining" reflects an actual leveling-off of demand, more money should be appropriated to meet the public's real needs. The District is also twice guilty of counting on uncertain outside revenues to replace City funding--first when it expects delinquent paternal support payments to make up for a $2 million City AFDC cut, and again when it depends on an anticipated but far from assured increase in Federal Medicaid payments to the Forest Haven institution for the mentally retarded to cover another $2 million cut in City funding.

We support full funding of the school budget, and believe the Committee will understand the rising cost of education in the face of declining overall enrollment if it keeps in mind that the special student populations--including the handicapped and the poor--are increasing in size. Experts agree that the costs of programs for the handicapped are extremely difficult to calculate, and the degree of poverty in the public school system is illustrated by the fact that over half of the students were eligible for free or reduced-price lunches during the 1979-80 school year.

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The Federal Government's care for D.C. residents who are patients at St. Elizabeths would be included in the calculation of a fair Federal Payment, which is our third subject. The Federal Payment is an old battleground as well, but it is interesting to note that the difference between what the District received as a Payment in FY '81 and what it felt it was owed is approximately equal to the amount D.C. estimates it loses each year because Congress forbids the District to levy any form of nonresident income tax. If Congress would grant D.C. the right to tax commuters--a right enjoyed by every other state and locality--the recent size of the Federal Payment would nearly cover all of the other costs of the Federal presence. The Federal Payment for this year has already been authorized, and we urge its full appropriation. It's equally important that the increase in this year's Payment be appropriated for the purposes decided upon by the D.C. Government before the Reagan Administration announced its desire for an increase in the District's payment to St. Elizabeths.

A full Federal Payment is especially important in light of the cutbacks in Federal aid to localities, which is our last topic. These past, present and future cuts in human services hit especially hard on cities, like D.C., that have a lot of poor citizens, and the District is further buffeted by Federal Reductions-in-Force.

But because RIF's are only part of the unemployment problem, both locally and nationally, we wish to lend our support to the following job-training and/or job-producing bills: H.R. 5320, H.R. 6250 and S. 2036.

We hope you will carefully consider our testimony, and we would be happy to answer any questions you might have.

GWOGFOSS
GREATER WASHINGTON ORGANIZATIONS
FOR GOVERNMENT FUNDING OF SOCIAL SERVICES
6612 Virginia View Court, N.W., Washington, D.C. 20016 229-6454

MEMBERS OF GWOGFOSS:

The Adelante-Advocacy Center

The Adelphi Friends Meeting, Peace and Social Order Committee

The American Federation of Government Employees, Council 211, AFL-CIO

The American Federation of State, County and Municipal Employees, Council 20, AFL-CIO

The Archdiocese of Washington, Office of Social Development

The Fairfax Unitarian Church, Social Action Committee

The Gray Panthers of Metropolitan Washington

The Greenbelt Peace Committee

The Hotel and Restaurant Employees Union, Local 25, AFL-CIO

The Metropolitan Washington Council, AFL-CIO

The Metropolitan Washington Planning and Housing Association

The Prince George's County Gray Panthers

The United Food and Commercial Workers, Local 400, AFL-CIO

The Washington Peace Center

The Washington Teachers Union, A.F.T., AFL-CIO

The Washington Urban League

Wider Opportunities for Women

Staffing at Forest Haven

STATEMENT OF BERTHA N. ATKIN, PRESIDENT, FRIENDS OF FOREST HAVEN CHILDREN CENTER

Senator D'Amato. We'll call our next witness, Bertha N. Atkin, president of the Friends of the Forest Haven Children Center.

Mrs. Atkin. I would like to introduce several of our members. On my far left is Mrs. Tildmun who has a son at Forest Haven. On my immediate left is Mrs. Powell, whose grandson used to be at Forest Haven. He is in a community home at the present time and she is the surrogate parent of another resident of Forest Haven.

To my immediate right is my husband, Morris Atkin.

My name is Bertha N. Atkin, president of Friends of Forest Haven. In all the years that the Friends of Forest Haven has come before you to testify on behalf of all residents living at Forest Haven, we still have the same sad story to tell, not enough dedicated, direct-care staff to enable the residents to have activity programs beneficial to their needs.

Many changes have occurred at Forest Haven. Jobs have been abolished due to not being filled. Other positions have been established and staffed. Forest Haven is top heavy. The supervisory staff, there still is a drastic lack of direct-care staff. It is like playing roulette. One hole is plugged up and another hole appears almost immediately somewhere else.

Deinstitutionalization is fine providing there are enough homes suitable to meet the needs of the residents at Forest Haven and most of all enough experienced, dedicated, well-paid staff available for supervision and assistance to these clients. We need proper training programs to be established at Forest Haven to meet the needs of the transitional residents. Medical and nursing care are lacking. Interaction with the community has to be established to introduce these residents into social behavior development suited to living in the city.

Bus transportation of Forest Haven residents into community-based programs is a farce. Either the bus does not come at all or a different driver does not know which residents to pick up to take to which programs, or the bus is late, which is devastating in special education programs. Their attendance is vital at the beginning of the class.

Forest Haven staff does not notify the director of the, community project if a resident is sick or otherwise unable to attend the class on a given day.

Provision should be made to establish a case management service monitoring system at Forest Haven and in the community to assure proper implementation of the individualized habilitation plans. It has come to our attention that the group home managers are not reimbursed by the District of Columbia government for periods up to at least 6 months. How do the residents in the group homes live without money being provided for food and clothing to run these homes?

The fiscal 1983 budget seems adequate in a meager sort of way. We need all the moneys asked for to muddle through. We could use and we hope that Congress sees fit to provide enough funds to let our retarded citizens live in dignity. Thank you very much.

Mr. LEETH. Thank you, Mrs. Atkin. The buses that you refer to, the bus transportation, are those Metro buses or are those special District of Columbia government buses?

Mrs. ATKIN. No; those are buses at Forest Haven or buses provided by the Department of Human Services to transport the residents back and forth. For instance, our daughter is being picked up in the morning at Forest Haven to be brought in to the Kennedy Institute program and is being returned around 4:30 in the afternoon to Forest Haven.

Mr. LEETH. You mentioned that—I'm sorry now, I don't recall your name when you were introduced.

Mrs. ATKIN. Ms. Tildmun and Mrs. Powell.

Mr. LEETH. Mrs. Powell, your grandson was a resident at Forest Haven and he's now in a group home?

Mrs. POWELL. Yes.

Mr. LEETH. Is that care adequate, in your opinion?

Mrs. POWELL. His group home is fine but he also had a problem because the bus picks him up, he goes to Mamie D. Lee and a couple of times the bus driver was very late and on top of that they left the premises and forgot that he was supposed to come home with them and so they had to run around and go back to pick him up, which was very bad. But right now the facility he is in is a very, very good group home.

Mr. LEETH. Thank you. I will certainly bring some of the staffing problems, the transportation problems, to the attention of the Chairman and the other members of the committee and see if we can't find some way that the buses can at least be punctual and reliable.

Mrs. ATKIN. We certainly will appreciate that.

Mr. LEETH. Thank you very much.

Mr. ATKIN. It has happened to our daughter on a number of occasions where a bus didn't pick her up or had problems.

Mr. LEETH. There doesn't seem to be any excuse for that and I will look into that.

Mrs. ATKIN. Thank you so much.

Mr. LEETH. Thank you.

[The statement follows:]

STATEMENT OF BERTHA N. ATKIN

Gentlemen:

My name is Bertha N. Atkin, president of Friends of Forest Haven. In all the years that the Friends of Forest Haven have come before you to testify on behalf of all residents living at Forest Haven, we still have the same sad story to tell: NOT ENOUGH DEDICATED DIRECT CARE STAFF to enable the residents to have activity programs beneficial to their needs!

Many changes have occured at Forest Haven. Jobs have been abolished due to not being filled, Other positions have been established and staffed. Forest Haven is top-heavy with supervisory staff. There still is a drastic lack of direct care staff.

It is like playing roulette!!! One hole is plucked-up and another hole appears almost immidiately somewhere else.

De-institutionalization is fine, providing there are enough homes suitable to meet the needs of the residents at Forest Haven and most of all enoughexperienced, dedicated, well paid staff available for supervision and assistance to these clients. We need proper training programs to be established at Forest Haven to meet the needs of the "Transitional" residents. Medical and nursing care are lacking. Interaction with the community has to be established to introduce these residents into SOCIAL BEHAVIOR DEVELOPMENT suited to living in the city.

Bus transportation of Forest Haven residents into community based programs is a farce. Either the bus does not come at all, or a different driver does not know which residents to pick up to take to which programs, or the bus is late, which is devastating in special education programs where attendance is vital at the beginning of the class. Forest Haven staff does not notify the the director of the community project if a resident is sick or otherwise is unable to attend the class on a given day.

Provisions should be made to establish a CASE MANAGEMENT SERVICE MONITORING SYSTEM at Forest Haven and in the Community to assure proper implimentation of the Individualized Habilitation Plans. It has come to our attention that the Group Home Managers are not reimbursed by the District of Columbia Government for periods up to at least six months. How do the residents in the group homes live without money being provided for food and clothing to run these homes???

The FY 1983 Budget seems adequate in a meager sort of way. We need all the moneys asked for to muddle through. We could use and we hope that Congress sees fit to provide enough funds to let our retarded citizens live in dignity!!!

FEDERAL PAYMENT TO THE DISTRICT

STATEMENT OF GERALDINE BOYKIN, EXECUTIVE DIRECTOR OF COUNCIL 20/AFSCME

Mr. LEETH. Our next witness is Mrs. Geraldine Boykin, executive director of Council 20 of the American Federation of State and County and Municipal Employees.

Ms. BROWN. Good afternoon. How are you, Mr. Leeth?

Mr. LEETH. Fine.

Ms. BROWN. Unfortunately, Mrs. Boykin had to go to our convention, our international convention. My name is Marguerite Gracey Brown and I am offering testimony on her behalf.

Mr. LEETH. Fine.

Ms. BROWN. I am a legislative representative for the American Federation of State, County, and Municipal Employees, better known as AFSCME, which is a labor union representing more than 1 million public employees nationwide. I testify again on behalf of Mrs. Geraldine Boykin, executive director of AFSCME's Council 20. The council represents approximately 16,000 public employees in the District of Columbia in 22 different facilities, including the Department of General Services, the Department of Environmental Services, the Department of Human Resources, and the Board of Education nonteaching staff.

In these various units our members perform such services as maintenance, engineering, housekeeping and special police services, waste, sewer, and water treatment services, and rehabilitation and other social services.

I appreciate the opportunity to offer testimony urging the subcommittee and the full Senate to support a $361 million Federal payment to the District. As you know, the Federal payment represents a valid debt which the Federal Government owes the District as compensation for the loss of revenues from tax-exempt federally-owned land and for service costs incurred by the city due to its uniqueness as the Nation's Capital.

The District forgoes substantial tax revenues due to the Federal presence in this city and due to its inability to tax nonresident income.

Despite these revenue losses, the District must continue to provide vital human services for the elderly, the sick, and the poor as well as for the Congress, the administration, Government workers, tourists, the diplomatic community, and others. Again, it's AFSCME members that provide many of these services.

In the past, many city employees, including AFSCME members, have borne the burden of fiscal austerity through layoffs and insufficient cost-of-living allowances.

During this period of increased unemployment, an adequate Federal payment will allow the continuation of crucial human services and will help insure that the city workers who provide them receive fair pay adjustments during this inflationary era.

While we do support an adequate Federal payment to the District, we are concerned with the manner in which the funds will be expended. In its fiscal year 1983 budget, the administration has recommended that the Federal subsidy to St. Elizabeths Hospital, this area's mental facility, be cut by $27 million. At this point let me say I noted Senator D'Amato's comments a little earlier concerning the funding at St. Elizabeths and so I will not repeat all of what has earlier been said and I won't quote everything that I have here in writing, but I would like to say that AFSCME represents virtually all of the employees at the hospital. A lot of our members work under extremely dangerous conditions and we do feel that the District should not have to increase its contribution to the hospital.

I would like to read just a portion of what I have here, though, if that's appropriate.

Mr. LEETH. Certainly.

Ms. BROWN. OK, thank you.

We believe that if the administration's recommendations for the funding at St. Elizabeths are accepted, the patients and employees at the hospital and the people living in the Washington, D.C., area would face serious consequences. A cut would mean the loss of quality care and treatment at the hospital. According to hospital management, a much smaller cut of approximately 12 percent would require a reduction of more than 500 employees, the elimination of research and training, the elimination of outpatient day care and outplacement services, the curtailment of building maintenance, the release of a portion of the in-patient population, and the loss of accreditation.

Of course, if a funding cut is accepted, the hospital would have to alter its open door admission policy and deny necessary care to many truly needy citizens.

In addition to the funding cuts, the administration is also considering the development of legislation to establish a corporation to manage St. Elizabeths. AFSCME is opposed to this proposal for three reasons. First and most important, we believe the corporation proposal is just another vehicle for the administration to make further Federal funding cuts to the hospital. Again, patient care would be at stake.

Second, since officials of the corporation are not elected, the corporation would not be accountable to the Congress or the District.

Third, the corporation proposal would hurt hospital employees who may face layoffs, job class downgrading, the right to bargain over working conditions, and loss of pension rights and other benefits. Again, it's AFSCME that represents virtually all of the employees at the hospital. Our members perform efficient and quality services, often under dangerous conditions. We believe that they and other employees at the hospital deserve certain employee protection.

AFSCME believes that St. Elizabeths serves a necessary and important role in treating federally-placed and District of Columbia mentally ill patients, patients who need quality care and not cruel indifference. Don't allow our city to become a psychiatric ghetto or a haven for bad people. We urge you to reject the administration proposal to cut Federal funding to St. Elizabeths Hospital and the administration proposal to transfer administration of the hospital to a corporation.

Again, I thank you for providing us the opportunity to offer testimony and trust that my full statement, which I submitted earlier to the subcommittee, will be placed in the record.

Mr. LEETH. That will be done and I appreciate your testimony. Thank you.

Ms. BROWN. You're welcome.

[The statement follows:]

American Federation of State, County and Municipal Employees

STATEMENT OF GERALDINE BOYKIN

The American Federation of State, County and Municipal Employees (AFSCME), a labor union representing over 16,000 public employees in the District of Columbia and over one million public employees nationwide, appreciates the opportunity to testify on the federal payment to the District. AFSCME urges you to appropriate the $361 million federal payment recommended by the Administration and supported by the District government.

Title V, Section 501 (a) of the District of Columbia Self Government and Governmental Reorganization Act (P.L. 93-198), commonly referred to as the D.C. Home Rule Charter, provides that: "It shall be the duty of the Mayor...to develop meaningful intercity expenditure and revenue comparisions based on data supplied by the Bureau of the Census, and to identify elements of costs and benefits to the District which result from the unusual role of the District as the Nation's Capitol." In essence, the federal payment is a valid debt which the federal government owes the D.C. Government as compensation for the loss of revenues from tax-exempt federally owned land and for service costs incurred by the city due to its uniqueness as the nation's capitol.

The District foregoes exorbitant tax revenues due to the federal presence in the city. For example, of the 29.7 million acres of property in the District (excluding streets and alleys), 12.2 million, or 41 percent is either owned or operated by the Federal establishment. If this federal real estate were taxable, the District could raise approximately $226 million in additional revenues. Other properties, including foreign government embassies and other foreign holdings, plus such Congressionally exempt properties as the Daughters of the American Revolution building are also exempt from taxation by the District.

Additionally, the District experiences foregone tax revenues due to its inability to tax nonresident income. Most major cities have the authority to tax income that is earned therein and then "taken out" by suburban commuters. However, because of a Federal prohibition on the taxation of nonresident income earned in the District, the city loses approximately $416 million.

The impact of these foregone taxes particularly erodes the District's economic base because, unlike many major cities, the District has little commerce and industry to generate additional revenues (the Federal government is the major employer).

Despite the revenue losses due to foregone taxes, the District must continue to assume the characteristics of a "city-state" in providing municipal and non-municipal functions. While the city must provide traditional services such as sanitation, maintenance of general public buildings, streets and highways, parks and recreation, fire and police protection, etc., it must also spend a disproportionate share of its budget to pay for services usually provided by various units of government. Compared to other major cities, the District must bear a greater share of expenses for education, public assistance, health and hospitals, and corrections and courts...services often provided for at the state and county level of government.

It is AFSCME members that provide these "city-state" services, many of which are vital human services for the sick, the elderly, and the poor. Lay-offs within the city workforce have already placed additional pressures on city services and the workers who provide them. Moreover, increased unemployment in the District (unemployment has dramatically increased from 8.6 percent in April 1981 to 10.6 percent in April 1982) will translate into an increased demand for crucial public services. An insufficient federal payment will only worsen economic conditions in the District by forcing a decrease in human services that are depended upon by the less fortunate and the sick, as well as the Congress, the Administration, government workers, tourists, the Diplomatic community, and others.

AFSCME represents workers in 22 different facilities including the Department of General Services, the Board of Education (non-teaching positions), the Department of Environmental Services, and the Department of Human Resources. In these various units, our members perform such services as: maintenance, engineering, housekeeping, and special police services; waste, sewer, and water treatment services; and rehabilitation, case work, and social services. AFSCME workers perform their various tasks capably and responsibly to ensure the efficient operation of the District both as a municipality and as the nation's capitol city. In the past, many city employees, including AFSCME members, have borne the burden of fiscal austerity through lay-offs and insufficient cost-of-living allowances. An adequate federal payment will help to ensure that city workers, who face increased fuel, housing, food, and health costs, receive fair pay adjustments during these inflationary times.

We therefore urge you to support the District of Columbia's Fiscal Year 1983 federal payment request of $361 million.

While we do support a $361 million federal payment to the District of Columbia, we are concerned with the manner in which the funds will be expended. In its Fiscal Year 1983 budget, the Administration has recommended that the direct Federal subsidy to St. Elizabeth's Hospital, the Washington, D.C. Metropolitan Area's mental facility which treats poor and disadvantaged persons who would not have access to private mental institutions, be cut by $27 million. Additionally, the proposal would require the District government to increase its share of costs to St. Elizabeth's by $26 million, to provide outpatient services to about 3,000 out-placed patients, and, to assume full financial responsibility for the hospital at the end of a ten year period. As the public employee union representing the majority of St. Elizabeth Hospital employees, AFSCME urges the rejection of these proposals.

Since 1848, this world-reknown, federally administered facility has provided inpatient and outpatient services to acutely and chronically ill mental health patients. During its long history, St. Elizabeth's evolved as a mecca of mental health research and training. Its reputation for quality care was unparalleled.

The hospital provides care to mentally ill persons assumed to be the responsibility of the Federal government and, by statute, to residents of the District of Columbia. Through the Congressional appropriations process, operating and capital outlay funds are provided to the Department of Health and Human Services for the facility. In addition, the District of Columbia government partially reimburses the hospital for the cost of inpatient care to its residents.

For some time, the question of what should be done with St. Elizabeth's Hospital has surfaced and resurfaced. It has been pondered by previous administrations with inconclusive results. During the current Administration, the Office of Management and Budget originally recommended closure of St. Elizabeth's, a recommendation that was opposed by the Department of Health and Human Services. The Administration then decided to gradually increase the District's share of the Hospital's costs.

Should the current Administration proposal be accepted, the patients and employees at the hospital, and people living in the Washington area would face serious consequences. Funding cuts would almost certainly result in a loss of Medicare and Medicaid, because these programs require quality treatment and staffing. According to the hospital management, even a much smaller cut of 12 percent would require a reduction of over 500 employees at the Hospital and could cause: (1) the discontinuance of research and training; (2) the discontinuance of out-patient, daycare, and out-placement services; (3) the curtailment of building maintenance; (4) the release of a portion of the inpatient population; and,(5) the loss of accreditation. Moreover, hospital management has indicated that, if a funding cut is accepted, the hospital would not be able to meet its outplacement requirements under the Dixon vs. Schweiker consent decree. That decree (signed by a District Court Judge in April, 1980) provides for the orderly transfer of some patients from St. Elizabeth's to the community. And of course, if St. Elizabeth's funding is cut, the hospital will have to alter its open door admission policy and deny necessary care to many truly needy citizens. Such an action would adversely impact the District of Columbia and the surrounding community since St. Elizabeth's is the only public hospital in this area that is equipped to treat certain types of mental patients including the criminally insane.

In addition to the funding cut, the Administration is also considering the development of legislation to establish a corporation to manage St. Elizabeth's. AFSCME is opposed to this proposal for three reasons. First and most important, we belive the corporation proposal is just another vehicle for the Administration to make further Federal funding cuts to the hospital. Again, patient care would be at stake. Second, since officials of the corporation are not elected, the corporation would not be accountable to the Congress or the District government. Third, the corporation proposal could hurt hospital employees who may face lay-off, job classes downgrading, the right to bargain over working conditions, and loss of pension rights and other benefits. AFSCME represents virtually all of the employees at St. Elizabeth's Hospital. Our members perform efficient and quality services . . . often under dangerous conditions. We believe that they and other employees at the hospital deserve certain employee protections.

In essence,AFSCME regards the corporation proposal as yet another Stockman "Trojan Horse": as a camouflage by the Administration to abdicate its responsibilities to the mentally ill.

While this Subcommittee would not have jurisdiction over any legislative proposal establishing a corporation to administer St. Elizabeth's we hope you will note your opposition to it.

St. Elizabeth's Hospital serves a necessary and important role in treating federally placed and District of Columbia mentally ill patients. Because it would be difficult for the fiscally pressed District government to offset hospital funding cuts, we believe acceptance of the Administration proposals and budget cuts regarding the hospital will cause this city to become a psychiatric ghetto or a haven for "bag" people. What the patients at St. Elizabeth's deserve and need is responsible care, not cruel indifference. We believe that such care can continue only through federal support and leadership.

In conclusion, AFSCME urges you to support a $361 million federal payment to the District of Columbia. Further, AFSCME strongly recommends the Committee's rejection of the Administration's proposal to reduce the amount of the federal subsidy for St. Elizabeth's Hospital. Finally, AFSCME urges you to oppose any legislative initiative to transfer administration for St. Elizabeth's Hospital to a government-sponsored, non-profit, private corporation.

Thank you for the invitation to offer testimony.

SOLUTIONS TO FOSTER CARE PROBLEMS

STATEMENT OF JOHN HAMILTON WEST, PRESIDENT, DISTRICT OF COLUMBIA ACTION FOR FOSTER CHILDREN, INC.

Mr. LEETH. Our next witness is Dr. John Hamilton West, president, District of Columbia Action for Foster Children, Inc.

Mr. WEST. How are you doing, Mr. Leeth?

Mr. LEETH. It's a pleasure to have you here. Proceed as you please.

Mr. WEST. Mr. Chairman, I am Dr. John Hamilton West, president of the District of Columbia Action for Foster Children, Inc., referred to as DCAFC, representing the board of directors and the membership of this volunteer, non-profit advocate organization that is dedicated to monitoring the Department of Human Services, for the purpose of seeing that over 2,000 children in its foster care system receive services that positively promote their growth and development.

I am delighted to have the opportunity to address the subcommittee and commend your leadership in seeking positive solutions to the serious foster care problems in the District of Columbia.

Sir, I have submitted a written report for the record and will now attempt to summarize that written statement.

DCAFC is deeply concerned that through the new social service block grant funding mechanism that the foster care system in the District of Columbia will continue and I stress continue, to receive inadequate funding and children will continue to be neglected and experience psychological harm.

With an increase in funding to the foster care system there are cost spec strategies that the Department would be able to develop. One of these would be permanancy planning. Permanancy planning offers one cost effective program strategy to reduce the average time spent in foster care. The goal of permanancy planning is to estabish a permanent living situation for a child and we have a model that has been done to prove its effectiveness. The Oregon project, which is a well-known demonstration study that was done in 1973, screened 23,000—sorry, 2,300 children—in their foster care system, which is the same size as ours in the District of Columbia. And they reported that 26 percent of the 509 children in their project had been returned home to their parents.

There were more than 100 children in this project who were labeled unlikely to return home by their caseworkers. Of course, without adequate funding, the foster care system will not be able to obtain caseload data that is essential for the development of an effective permanancy planning model. A second cost-effective program strategy is foster care case review. This program system evaluates the services being provided a child in care to insure that major decisions are being acted upon and that relevant tasks and activities are being carried out.

Both the D.C. audit report and the D.C. BAR report reveal that the agency and judicial case review systems are not functioning effectively. For this reason DCAFC supports a citizen review board model with appropriate funding to coordinate a citizen review board system.

The Oregon project shows that when foster care systems receive adequate funding and caseworkers have the time to work aggressively with biological parents, placement in foster care can be reduced, thereby saving millions of dollars. Because the agency's social workers in the Oregon project were committed to the restoration of the family concept, 26 percent of the children in the sample study were reunited with their natural or biological family.

In the D.C. foster care system, understaffed caseworkers have an average of 90 cases. Consequently, there is little energy or motivation to do the skilled, preventative social work to help troubled families function at a minimum level of adequacy to accomplish family reunification.

Nevertheless, working aggressively with biological parents to restore family systems, can be cost effective and save millions of dollars.

This concludes my remarks. I thank you for giving me this opportunity to share DCAFC concerns with you and I will answer any questions that you might have.

Mr. LEETH. You alluded to the auditor's report from last year. Are you aware of any steps that the city has taken to remedy some of the problems and the findings in that report?

Mr. WEST. Yes; I don't want to appear to sound all negative. I checked yesterday and there are some positive things that have occurred. Ninety-five percent of that tracking system is supposed to be in place. But I would have to follow that up to say that at this moment all the children, the whereabouts of all the children in the system, remains unknown.

Mr. LEETH. You mean all the children in the city's foster care program, they don't know where they all are?

Mr. WEST. That's right. That means that they could eventually probably tell you, but you could not, for example, take a case out and with assurance know that the child is located, has the placement. It's disgraceful, of course.

Mr. LEETH. Is that a problem of recordkeeping or is it inadequate staff to follow up?

Mr. WEST. It's that caseload, record computer system and, of course, they say they don't have the funds or the manpower to do it.

Mr. LEETH. OK, Dr. West. I appreciate your testimony and we will make the committee aware of that problem and I am sure we will follow up on that.

Mr. WEST. Thank you, sir.

Mr. LEETH. Thank you, sir.

[The statement follows:]

DISTRICT OF COLUMBIA ACTION FOR FOSTER CHILDREN, INC.

STATEMENT OF JOHN HAMILTON WEST, PH. D.

Mr. Chairman, Members of the Subcommittee:

Mr. Chairman, I am Dr. John Hamilton West, President of the District of Columbia Action For Foster Children, Inc. (DCAFC), representing the Board of Directors and membership of a non-profit advocate organization that monitors the District of Columbia Foster Care System to see that the over 2,000 foster children and youth receive quality services that will promote their growth and development. I am delighted to have the opportunity to address the subcommittee and commend your leadership in seeking positive solutions to the serious foster care service delivery problem in the Nation's capital.

The primary goal of foster care is to provide for each child that enters it a stable and continuous relationship with a nurturant parenting person or persons. This dominate goal implies that no child should be permitted to drift in and out of home placement without a sound decision making process being involved. Specifically, the foster care system must arrive at a decision that will either return the child to his own parents, or be freed from parental custody and control and placed for adoption within a definite time frame. When these alternatives are not possible and the child must remain in foster family care, it is essential that a plan for permanent foster care be described and formalized.

A disturbing report released by the District of Columbia Auditor's Office last year (February 5, 1981) reveals that the foster care system is not attaining the primary goal of foster care. In general, the Auditor's Report found that placement for the majority of the children in the foster care system is long-term and unstable. This means that most children in the District of Columbia foster care system have spent the majority of their childhoods in public custody, moving through a series of foster homes and institutions at enormous public expense. If a child, for example, enters the foster care system at 3 years of age, it is likely that this child will remain for over 10 years. During this seven year period, the probability is high that this child will be shifted between institutions and foster homes at least three times. In summary form, the general findings of the Auditor's Report are the following:

1. Most children in the sample had entered care while very young and they remained in care for very long periods. The median age at entrance was 3.0 years, the median time in care is 7.3 years.
2. A disproportionate share of the youngest children in care were placed in institutions.
3. Most children in the sample had experienced multiple placements.
4. Although the District government has served as "parent" of most foster children for nearly all of their lives, it abruptly cuts off support for all but a few of these children when they reach 18 or 19 years of age.
5. The foster care population is heavily weighted with teenagers in care since early childhood. Median age of children in the sample was 12.7 years. As these children

leave care, the total foster care population should drop significantly.

Unfortunately, the District of Columbia foster care system has consistently received low Congressional funding. Consequently, it has not been possible for the Department of Human Services to organize a model foster care system in the nation's capital, DCAFC is strongly concerned that the new block grant funding mechanism will mean that the foster children in the District of Columbia will experience increase public neglect. With an increase in funding, the District of Columbia foster care system could organize program management strategies that could prove cost-effective financially and psychologically.

The permanency planning program strategy offers a cost-effective approach to reduce the average time that a child spends in foster care. Permanency planning has as it's goal the establishment of a permanent living situation for a given child in foster care. The order of consideration in permanency planning is generally the following: (1) return child to biological parents or relatives, (2) adoption, and (3) permanent foster care. The establishment of a permanent living situation for children results from a structured treatment program. The treatment process involves the planning for and providing of social and legal services to reach the goal. All interested parties (i.e., the agency, the child when appropriate, biological parents and foster parents) are involved in setting the goal and developing the treatment plan. With this type of model, all involved persons know their responsibilities and the possible outcome. The Oregon Project (federally funded permanent planning study) reported that 26 percent of the 509 children in the study had been returned home to their parents. There were more than 100 children in this study who were labeled "unlikely to return home" by the caseworkers. In this study, it is also reported that 36 percent of the children had been freed for adoption and placed in adoptive homes, 19 percent were placed with former foster parents, and 17 percent were placed with new families. A small number (3 percent) went to live with relatives. If the Oregon Project results could be duplicated in the District of Columbia foster care system, millions of dollars could be saved. The District of Columbia foster children deserve this opportunity to be reunited with their families.

The District of Columbia foster care system does not have readily available the kind of caseload data to develop an effective permanency planning model. Because the goal of the foster care system remains obscure, planning and decision making are not goal directed and continuous. Therefore, the essential caseload data are not sought. Again, DCAFC is deeply concerned that monies were not available through the new block grant funding mechanism to develop a usable and accurate data collection system.

Foster care case review offers another cost-effective program strategy. This is a systematic approach to periodically review and report the progress being made in each foster care placement. Specifically, it is a mechanism for checking foster care drift and ensuring that permanent plans for children are carried out. The outcome of the review process is to approve a suggested permanent plan, recommend corrective action on the plan in progress, disapprove the current plan and recommend a new one, or table the plan for another review in a short period of time. Both the Auditor's Report and the District of Columbia Bar Report (Juvenile and Child Neglect Report of the D.C. Court System Study Committee — December, 1980) reveal that the agency and judicial case review systems are not functioning effectively. In order that the permanency planning model may be facilitated, DCAFC supports the establishment of citizen review boards. In the long run, the utilization of citizen review boards would prove cost-effective because the determination of placement appropriateness would result in reducing the average time that children spend in the foster care system. The Citizen review board would be composed of citizens in the community who have a special interest in child welfare. These citizen advocates would come from professional ranks as well as include foster parents and members of civic and social organizations. An external foster care advocate organization, such as DCAFC, could develop the case review model, train the citizen review personnel, and monitor the review system with appropriate funding. The specific functions and powers of the citizen review board would be the following:

1. To review at least once every six months the case of each foster child who has resided in foster care for a period of more than six months to determine what efforts have been made by the Department of Human Services (DHS) and the agency with whom the child has been placed, to carry out the plan for the permanent placement of such child.

2. To submit to the Court within 30 days following the review, its findings and recommendations regarding the efforts and progress made by DHS and the agency to carry out the permanent plan.

3. To encourage and facilitate the timely return of all foster children to their biological parents, or if the Board finds that one or more of the grounds listed in termination of parental rights may exist encourage the appropriate agency to initiate such procedures as would make the child eligible for adoption.

4. To encourage DHS and all agencies involved in placing children in foster care to exert all possible efforts to make arrangements for long term foster care for children for whom return to their biological parent or adoption is determined to be unfeasible or impossible.

5. To promote and encourage DHS and all agencies involved in placing children in foster care to maximize stability and family continuity for children in foster care by discouraging unnecessary chances in the placement of foster children and by recruiting foster parents who may be suitable and eligible as adoptive parents.

6. To assist DHS and agencies in informing biological parents, foster parents and other interested parties of their rights and responsibilities with respect to any child in foster care. Biological parents, foster parents, and other interested parties may be involved in the review process when appropriate.

7. To make recommendations to the Mayor and City Council regarding foster care policies and procedures as they relate to the children assigned for their review.

Finally, the Oregon Project findings clearly show that aggressively working with the biological parents can prove to be a cost-effective approach. When preventive steps are taken (crisis intervention, individual and family counseling services, homemaker services, day-care, emergency shelters, respite care, etc.) to help troubled families function at a minimum level of adequacy, placements in foster care can be reduced. Many studies have shown that once a child crosses over into care away from his own home his chances of returning to his family are greatly reduced. Because the agency social workers were trained and strongly committed to the family restoration concept, 26 percent of the children in their sample were reunited with their biological families. DCAFC is deeply concerned that funds will not be available through the new block grant funding mechanism. Mayor Barry has informed his citizen group to monitor block grants to anticipate a reduction in funding to social services. If this occurs, children, especially foster children, will continue to suffer in the nation's capital.

The District of Columbia action for Foster Children, Inc., respectfully ask the Chairman and members of the Subcommittee to increase the funding to the Social Services Block Grant.

URGE SUPPORT FOR HEALTH AND HUMAN SERVICES

STATEMENT OF JERRI LEE KRESS, CHAIRPERSON, DISTRICT OF COLUMBIA UNITED WAY REGIONAL COUNCIL

Mr. LEETH. The next witness is Mr. Avon Matthews, director of the District of Columbia United Way.

Ms. KRESS. My name is Jerri Lee Kress and I am chairperson of the District of Columbia United Way Regional Council and I will be testifying on behalf of the D.C. United Way. With me is Mr. Avon Matthews, who is the director and the staff of the D.C. United Way.

We do appreciate the opportunity to testify before you today and we'd like to quickly sketch for you some of the efforts that we have made to enhance the volunteer participation in the service delivery area and to make the scarce dollars go farther in meeting human needs.

In turn we're here today to ask the Government to act as a full partner. In particular, we urge your approval of the D.C. fiscal year 1983 budget and your support of the amounts requested, especially for the Health and Human Services. Again, while we always feel it should be more, we feel that this year in the budget there is an effort being made to work toward meeting the needs in the city.

The D.C. United Way, of course, as you know, is a private nonprofit voluntary organization working to promote the well-being of all the residents in the city. Our overriding concern is very obvious. It's for those who have difficulty meeting the most basic needs and by that we mean, of course, food, clothing, shelter, and health care. The United Way agencies who provide these services to the city's residents are also governed by volunteer boards and are funded by other charitable contributions.

Many of these agencies also operate under purchase or service contracts with the District government.

In this period of what we feel is, and I think everyone does, deep recession and rising unemployment in the city, all of our agencies have experienced large increased demands for their services. Many of them have been of an emergency sort of nature.

At the same time the budget stringency at both the national and local levels of government have forced cutbacks in the funding for these programs and, as was mentioned earlier, the increasing inflation has essentially in many respects held things on a steady straight line.

We in the D.C. United Way have asked ourselves what we can do to help our agencies and the people they serve meet these rising crises. Here are a couple of things we have done. First, we have inaugurated a series of workshops for our agencies, professionals, and board members to help them achieve efficiencies in both management and fundraising. Some of the subjects included have been on personnel systems, grantsmanship, including such things as tips on the preparation of grant applications, the mobilization of volunteer board members, Federal utilization of staff and volunteers, these sorts of things. These have been attended and have proven enormously popular.

Also, recently, we've started in the District of Columbia, which is serving the whole national capital area, but the United Way, along with the United Black Fund and the D.C. Chapter of the American Society for Training and Development, has joined to continue technical assistance to the aid of volunteer professionals, working with these organizations. We are working to insure that all of our agencies, as well as all of the nonprofit organizations in the city, take advantage of the opportunity to learn and apply their management skills.

Also, we have undertaken studies to work on the contracting problems agencies had with the District of Columbia that has affected their cashflow status. I am very happy to report that in working with the Department of Human Services' contracting process it is improving and we think that we have worked to establish a dialog for a joint public and private effort to bring about improvements. That is becoming successful.

Also, in 1979, we participated in a metropolitan-wide needs assessment study and we prepared the needs assessment for the District of Columbia, and then just recently we updated the study and included that we examined the 1980 census findings and the demographic changes in the District, as well as combining these with a survey of D.C. United Way agencies as well as other nonprofit agencies.

We have, thus, been able to document the changing needs in the District and to share that with both of our member agencies as well as the D.C. City Council and we testified before them, on their proposed fiscal year 1983 budget to share the information we had learned.

With your permission, Mr. Chairman, I would like to submit both our 1979 and 1981–82 needs assessment surveys for the record. We delivered them earlier on as we came today and have that in the record, along with our presentation today.

We think that both of these documents speak eloquently to the growing needs of an increasing percentage of the aged and poor in the District's population as well as the continuing urgent needs in the areas of shelter, job training, maternal care, child care, and food, and finally, Mr. Chairman, thousands of volunteers in the District of Columbia and throughout the whole metropolitan area, have worked this last campaign year to raise an unprecedented $28,700,000 in our campaign, and this was an 11-percent increase from people in this area, where the recession and Government cutbacks have given rise to the greatest needs in our recent memory here.

With that, we feel that the D.C. Regional Council, the United Way member agencies, the volunteers, and donors throughout the metropolitan area, have made an unprecedented effort to respond to the call for a vital volunteer sector in a time of austerity and pressing human needs.

We can and we will do more. We need you as a continuing caring partner and we respectfully ask your full support for the budget before you.

Thank you.

Mr. LEETH. Thank you very much and we will certainly consider your testimony carefully. You have set out a number of very important areas. United Way deserves a lot of credit in working with the city and other private organizations to meet the needs of those in the city who are unable to meet their own needs.

[The statement follows:]

DISTRICT OF COLUMBIA UNITED WAY

STATEMENT OF JERRILY R. KRESS

TESTIMONY June 1982

My name is Jerrily R. Kress, Chairperson of the District of Columbia Regional Council of The United Way of The National Capital Area. With me is Mr. Avon Matthews, Director of The DC United Way.

We appreciate the opportunity to testify before you today. We will sketch for you, some of our efforts to enhance volunteer participation in service delivery, and to make scarce dollars go farther in meeting human needs. In turn, we ask that government act as a full partner. In particular, we urge your approval of the District of Columbia's Fiscal Year 1983 budget, and your support of amounts requested for health and human services.

The District of Columbia United Way is a private, non-profit voluntary organization working to promote the well-being of all residents of this city. Its overriding concern is for those who have difficutly meeting their most basic needs for food, clothing, shelter and health care. United Way agencies who provide services to the city's residents are governed by volunteer boards and are funded by charitable contributions. Many of these agencies also operate under purchase of service contracts with the District Government.

In this period of deep recession and rising unemployment, all of our agencies have experienced increased demands for their services -- many of them of an emergency nature. At the same time, budget stringency at both the national and local levels of government has forced cut-backs in funding for social programs. And inflation has increased the costs of services delivery across the board.

We in DC United Way have asked ourselves what we can do to help our agencies and the people they serve meet this crisis. Here are some of the actions we have undertaken.

1. We inaugurated a series of workshops for agency professionals and board members to help them achieve efficiencies in management and fund-raising. Subjects have included information on personnel systems, grantsmanship including tips on the preparation of grant applications and the mobilization of volunteer board members. These workshops have been staffed by volunteers, and have proven enormously popular.
2. Recently, a complementary effort to provide technical assistance to local social service agencies has been funded by United Way of The National Capital Area, The United Black Fund of Greater Washington and The DC Chapter of The American Society for Training and Development. Volunteer professionals from the latter organization will serve as trainers. Our DC Regional Council will work to ensure that United Way agencies in the District take full advantage of this opportunity to learn and apply new management skills.
3. We also undertook a study to identify contracting problems experienced by member agencies in an effort to help improve their cash flow status and to offer

recommendations regarding streamlining the DC Department of Human Service's contracting process. We think that we have established a valuable dialogue for a joint public - private effort to bring about improvements.

4. In 1979, we participated in a metropolitan-wide needs assessment study carried out by The United Way/National Capital Area. In 1981-82, we updated our part of this study by examining 1980 census findings on demographic changes in The District of Columbia and combining these with results of a survey of DC United Way agencies. We have thus been able to document, changing needs in The District, and to share our member agencies' perceptions of priorities with membership and funding committees of United Way, as well as with the DC City Council through testimony on the proposed FY 1983 budget.

With your permission, Mr. Chairman, I would like to submit both the 1979 and 1981-82 needs assessment surveys for the record. Both documents speak eloquently to growing needs of an increasing percentage of the aged and poor in the District's population, as well as to continuing urgent needs in the areas of shelter, job-training, maternal and child care, and food.

5. And finally, Mr. Chairman, thousands of volunteers in the District of Columbia and throughout this National Capital region, worked to raise an unprecedented $28,709,224 in the annual 1981 United Way campaign. This was an increase of 11% from people in an area where recession and government cut-backs have given rise to the greatest needs in recent memory.

Mr. Chairman, The DC Regional Council, United Way member agencies, volunteers and donors throughout the metropolitan area, have made an unprecedented effort to respond to the call for a vital volunteer sector in a time of austerity and pressing human needs. We can and will do more. We need you as a continuing, caring partner. We respectfully ask your full support for the budget before you.

Thank you.

ENDORSEMENT OF SCHOOL BUDGET

STATEMENT OF JOSEPH M. SELLERS, WASHINGTON LAWYERS' COMMITTEE FOR CIVIL RIGHTS UNDER LAW

Mr. LEETH. Our next witness is Mr. Joseph Sellers of the Washington Lawyers' Committee for Civil Rights Under Law.

Mr. SELLERS. Good afternoon.

Mr. LEETH. Would you introduce your colleagues and proceed as you wish?

Mr. SELLERS. I will. I wanted to first tell you that Iris Toyer will be delivering the testimony for us.

Mr. LEETH. Very good.

Mr. SELLERS. To my right is Mrs. Willie Mae Mickel, who is a parent from one of the schools that is mentioned in the testimony.

Mrs. Toyer is the ranking officer of one of the organizations that she's going to be testifying on behalf of and a parent as well, and Mrs. Etta Johnson is the director of one of the organizations, and I am the director of the other. So, we're all represented.

Ms. TOYER. Good afternoon. I am Iris Toyer, a parent of public school children at Stanton Elementary School, located at Naylor Road and Alabama Avenue, Southeast. I am testifying on behalf of the Public Education Legal Services Project and the Washington Parent Group Fund.

The Public Education Legal Services Project delivers legal assistance to parent groups associated with public schools in the Anacostia section of the District of Columbia.

The Washington Parent Group Fund is a foundation formed in 1981 through the cooperative efforts of local business leaders, involved lawyers, and District of Columbia public school parents to fund educational enrichment programs at public schools that are unaffordable under the school budget.

Local parent groups of nine Anacostia area public schools are currently represented on the fund's board.

We endorse as the fiscal year 1983 school budget the amount of $284 million that has been recommended by the City Council. Any budget amount less than this mark might make difficult even the maintenance of the barely adequate school services currently available and certainly would make impossible any efforts to improve service.

This committee's adoption of the proposed budget would demonstrate a welcome and needed commitment to public school education.

The parent groups whom I represent are constantly confronting school problems that could be remedied by an increased school budget. Continued threats to student security, oversize classes, and unmaintained school facilities are chief among these problems.

Parents at all our schools have voiced concerns about security at their schools. Sufficient funds are needed so that personnel can be assigned to monitor halls and otherwise insure that only those persons who are welcome are able to gain entry to school buildings. If we are going to require and expect our children to attend schools, we owe them at least a safe place to learn.

The budget must also include enough money to assure that pupil-teacher ratios at schools will not increase. Indeed, this ratio needs to increase at most of our schools to permit the attention of our children that insures learning.

Poorly maintained school facilities interfere with learning and repairs, we are told, will be costly. The budget must provide for regular maintenance of school buildings, grounds, and equipment.

Parents are also concerned that the budget provide for adequate school supplies for our schools. The strengthening of diverse special education programs also demands strong budgetary support, especially since Federal support for many such programs appears to be lessening, if not disappearing.

Conditions at three schools, the parents from which I am representing, highlight the need for an adequate budget for District of Columbia public schools. A fire in December 1981 at Congress Heights Elementary School destroyed over $15,000 worth of audiovisual and other equipment. Work to repair the room did not begin until April 1982, and has not yet been completed. Replacement of the equipment, accumulated over a period of 12 years, will be a slow process. At this same school, general, regular maintenance needs are not met. Carpeting should be replaced periodically where children play on it regularly, especially in kindergarten rooms.

Due to inadequate funds, the carpeting is patched on a crisis basis.

There is also a need for regular painting, something which does not happen.

Though there is an alarm system at the school, it has long needed specific technical repair work to make it work. An adequate budget must accommodate these needs.

A lack of regular maintenance resulted in a crisis at Turner Elementary School. A severe sewer drainage malfunction resulted in rainwater regularly flooding the school cafeteria, sometimes to a level of 6 inches, washing in debris that included dead rats. The needed sewage repairs were finally made, but only after 4 years of suffering and pressure from community and parental groups.

Over $100,000 was required to resolve this disgusting health threat, money that is hard to find and yet must be found if public schools are to continue to function.

Even more generous school budgets in the past did not permit the repainting of the exterior of Turner's buildings for 14 years.

At Randle Highlands Elementary School, the principal is justifiably worried over the swelling class sizes. The current pupil-teacher ratio is at least 30-to-1. The ratio should be lowered to 25-to-1 and that requires a budget permitting the hiring of more teachers.

Research shows that lower pupil-teacher ratios result in better academic achievement, especially at the elementary level.

These concerns of three southeast area Washington schools are shared by parents of many public school students. Sound and ample funding of public education can go a long way to remedying problems, like the ones identified here, that plague our public schools. Adequate schooling provides our community the educational opportunities needed for the development of an informed and productive citizenry. Our historic commitment to public schooling demands no less.

We urge this committee to adopt a budget which meets the needs of our public schools. Our children deserve this support.

I would like to thank the members of the committee for the opportunity to express our concerns about the budget and I would also like to say that we are ready if you have any questions, to respond.

Mr. LEETH. Thank you for your very eloquent testimony, Mrs. Toyer. The health hazards and things are truly incredible if they're allowed to go on.

I know that Mrs. McKenzie testified before the committee last week that school security as well is a serious problem. She has had, from time to time, to resort to undercover police officers in the schools, not only in conjunction with drugs, but in other problems. That's certainly not as desirable a circumstance, but one that has been necessary on occasion.

We noted also pupil-teacher ratios and that is a serious concern, not only of the committee, but Mrs. McKenzie pointed out that the budget that we have before us calls for 379 additional positions, some of which will be teachers, many of which will be teachers' aides and other classroom personnel to help people with a little more individual attention. I certainly will make the committee aware of your testimony and I think it is very good and very decisive and to the point. I appreciate your coming by to tell us about it.

Ms. TOYER. Thank you.

Ms. MICKEL. Sir, will we have these undercover security guards, policemen, in our schools too?

Mr. LEETH. Mrs. McKenzie has done it on sort of an as-needed basis, but if there is a problem in one of the schools I would encourage you to make sure that her office and Rev. Eaton as well, chairman of the Board of Education, are aware of it. I know they share your absolute concern that she has gone on an effort which has shown results to keep students in school and, as you pointed out, the least you can do is provide them a safe place to learn once you've gotten them back into the schools.

Ms. MICKEL. Our school is a very old school. That's Turner Elementary School. And we do have an awful lot of problems at our school. One reason, we don't even have an intercom service there and I have talked to Mr. Dews, I have talked to Mrs. McKenzie, and from what I learned, the intercom system is way overdue. Each time it's going to be next fall.

Mr. LEETH. Yes.

Ms. MICKEL. So now this time it's going to be next fall and nothing is happening now. We have three floors and we don't even have—well, there's no way to get any information up to the teachers unless you ring one or two buzzers. You can't come out all the time and leave the kids in a classroom.

Mr. LEETH. I understand.

Ms. MICKEL. And it makes it pretty difficult if something should go wrong up on the third floor, and whoever it is, they could get away before they can get down to the first floor, which has been happening.

Mr. LEETH. Sure.

Ms. MICKEL. For instance, we had a kid from another school come in and upset the water cooler, just pulled it from the wall and left it lying in the hall. Well, by the time they got down to get the janitor or whoever to put it up, the whole thing was flooded and it was running down the stairway. These are the things we need security for.

We did talk to security. They said they would come by and check two or three times a week. But it wound up down to two times, then once and it wound up to not any time.

Mr. LEETH. Yes.

Ms. MICKEL. So these are the things that we really need, we need an increase in the budget so that we can have enough moneys to hire somebody to be staked out in our buildings. Kids are going in and taking coats and even teachers' coats, if they go out on the playgrounds, because we don't have enough locks for our school. See, if we had that intercom service there somebody could say something from each floor, but nobody says anything.

Mr. LEETH. OK. Well, I've made a note here to check with them on that particular aspect. I encourage you to do that as well and maybe between the two inquiries we'll get their attention this time.

Ms. MICKEL. Right. I want to ask one more thing. Could you do something about the food system? We did have some breakins and they fed our kids white bread, cheese, and a salad with nothing on it for 3 days. How do you treat kids, 682 kids like this? It was dry bread. I mean it didn't have mayonnaise on it. They didn't even toast it. Then we had to call for people to prepare the food, they sent a Ms. Allen out. She stated that this was what they really wanted to happen, and I asked her to repeat it. She said, "Yes; this is what we wanted to happen." How could they do a thing like that?

The other school was not too far away from us, Johnson Junior High. That day they had spaghetti, meatballs, and turkey, and our small kids, that's what they ate.

Mr. LEETH. That's deplorable.

Ms. MICKEL. So, they said they were going to do something. Well, it's better now but I just wanted to let you know how things go when you don't know about it.

Mr. LEETH. I appreciate it and that's the way we find these things out.

Ms. MICKEL. You should do something with that food service.

Mr. LEETH. I agree.

Mr. SELLERS. Thank you very much.

Mr. LEETH. Thank you, sir. Thank you, ma'am.

[The statement follows:]

STATEMENT OF IRIS J. TOYER

I am Iris Toyer, a parent of public school children at Stanton Elementary School, located at Naylor Road and Alabama Avenue, S.E., Washington, D.C. I am testifying on behalf of the Public Education Legal Services Project and the Washington Parent Group Fund. The Public Education Legal Services Project delivers legal assistance to parent groups associated with public schools in the Anacostia section of the District of Columbia. The Washington Parent Group Fund (WPGF) is a foundation formed in 1981 through the cooperative efforts of local business leaders, involved lawyers and D.C. public school parents to fund educational enrichment programs at public schools that are unaffordable under the school budget. Local parent groups of nine Anacostia area public schools are currently represented on the Fund's Board.

We endorse as the Fiscal Year 1983 school budget, the amount of $284 million that has been recommended by the City Council. Any budget amount less than this mark might make difficult even the maintenance of the barely adequate school services currently available and, certainly, would make impossible any efforts to improve service. This Committee's adoption of the proposed budget amount would demonstrate a welcomed and needed commitment to public school education.

The parent groups whom I represent are constantly confronting school problems that could be remedied by an increased school budget. Continued threats to student security, oversized classes and unmaintained school facilities are chief among these problems.

Parents at all our schools have voiced concerns about security at their schools. Sufficient funds are needed so that personnel can be assigned to monitor halls and otherwise assure that only those persons welcome are able to gain entry to school buildings. If we are going to require and expect our children to attend school, we owe them at least a safe place to learn.

The budget must also include enough money to assure that pupil/teacher ratios at schools will not increase. Indeed, this ratio needs to decrease at most of our schools to permit the attention to our children that ensures learning.

Poorly maintained school facilities interfere with learning and repairs, we are told, will be costly. The budget must provide for regular maintenance of school buildings, grounds and equipment.

Parents are also concerned that the budget provide for adequate supplies for our schools. The strengthening of diverse special education programs also demands strong budgetary support, especially since federal support for many such programs appears to be lessening, if not disappearing.

Conditions at three schools, the parents from which I am representing, highlight the need for an adequate budget for D.C. public schools. A fire in December, 1981 at Congress Heights Elementary School destroyed over $15,000 worth of audio visual and other equipment. Work to repair the room did not begin until April, 1982, and has not yet been completed. Replacement of the equipment, accumulated over a period of 12 years, will be a slow process. At this same school, general, regular maintenance needs are not met. Carpeting should be replaced periodically where children play on it regularly, especially in kindergarten rooms. Due to inadequate funds, the carpting is patched on a crisis basis. There is also a need for regular painting - something which does not happen. Though there is an alarm system at the school, it has long needed specific technical repair to make it work. An adequate budget must accommodate these needs.

A lack of regular maintenance resulted in a crisis at Turner Elementary School. A severe sewer/drainage malfunction resulted in rain water regularly flooding the school cafeteria, sometimes to a level of six inches, washing in debris that included dead rats. The needed sewage repairs were finally made, but only after four years of suffering and pressure from community and parental groups. Over $100,000 was required to resolve this disgusting health threat, money that is hard to find and yet must be found if public schools are to continue to function. Even more generous school budgets in the past did not permit the repainting of the exterior of Turner's building for 14 years.

At Randle Highlands Elementary School, the principal is justifiably worried over the swelling class sizes. The current pupil/teacher ratio is at least 30 to 1. The ratio should be lowered to 25 to 1 and that requires a budget permitting the hiring of more teachers. Research shows that lower pupil/teacher ratios result in better academic achievement, especially at the elementary level.

These concerns of three southeast area Washington schools are shared by parents of many public school students. Sound and ample funding of public education can go a long way to remedying problems, like the ones identified here, that plague our public schools. Adequate schooling provides our community the educational opportunities needed for the development of an informed and productive citizenry. Our historical commitment to public schooling demands no less.

We urge this Committee to adopt a budget which meets the needs of our public schools. Our children deserve this support.

Respectfully submitted,

Public Education Legal Services Project
Washington Parent Group Fund

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SCHOOL BUDGETS AND FINANCE ISSUES

STATEMENT OF SUSAN S. McDONALD, EXECUTIVE DIRECTOR, PARENTS UNITED FOR FULL PUBLIC SCHOOL FUNDING

Mr. LEETH. Our final witness is Ms. Sue S. McDonald, executive director, Parents United for Full Public School Funding.

Ms. McDONALD. Good afternoon.

Mr. LEETH. Good afternoon. How are you?

Ms. YOUNG. To my right is Susan McDonald, the executive director for the Parents United for Full Funding. I am Phyllis Young. I am the president and cochairman of Parents United for Full Public School Funding. And to my left is Mary Levy, who is the author of and the analyst who is responsible for a document which I am going to leave with you, our comparative analysis of the public school budget for fiscal year 1982 where we compared the District of Columbia and Montgomery County school budgets.

We are pleased to be here and we thank you for this opportunity.

Parents United for Full Public School Funding is an organization of over 700 concerned parents in the District of Columbia, which was established in the fall of 1980 to support an adequate budget for public education in this city. Over the past 2 years Parents United has prepared a series of research papers on school budgets and finance issues. We've testified on numerous occasions before the City Council of the District of Columbia, congressional committees, and we've published a special report on contract terms in dispute between the District of Columbia Board of Education and the Washington Teachers Union.

We also have a copy of that analysis and that assessment for your information.

Mr. LEETH. OK. We will insert that information in the record.

Ms. YOUNG. Parents United strongly endorses the fiscal year 1983 school budget figure of $284.5 million requested by the District of Columbia. I think in your documents it shows $306.5 million, which includes the $22 million for pay increases.

Mr. LEETH. Yes.

Ms. YOUNG. In support of this request we are now respectfully submitting a copy of the budget analysis which was issued in January of this year. We believe that this analysis fully supports the fiscal year 1983 budget figure of $284.5 million which is now before your committee and I think that Mrs. Levy would be more than happy to get into a discussion with you on the fact that we really believe that the real conservative request would have been for $297.5 million.

Thank you very much. We have the copies here. Do you need five copies?

Mr. LEETH. I think the one would probably be sufficient.

Ms. YOUNG. Thank you. Did you have any questions for us?

Mr. LEETH. I don't believe I do at this time. I think the annual reviews you do and comparisons, the analysis that is done with your school system and other school systems in the metropolitan area is useful not only to this committee but I'm sure that it's useful to the school board and to the City Council in evaluating the request of the schools and putting it in perspective and seeing where they stack up compared to yours.

Ms. YOUNG. Yes.

Mr. LEETH. I think it is most useful information. I thank you for it and hope it continues. I don't have any additional questions.

Ms. YOUNG. OK. Thank you very much.

Mr. LEETH. Thank you for your testimony.

[The information follows:]

PARENTS UNITED FOR FULL PUBLIC SCHOOL FUNDING

TESTIMONY AND BUDGET ANALYSIS OF PARENTS UNITED

Parents United for Full Public School Funding is an organization of over 700 concerned parents in the District of Columbia which was established in the fall of 1980 to support an adequate budget for public education in this city. Over the past two years, Parents United has prepared a series of research papers on school budget and finance issues, testified on numerous occasions before the City Council of the District of Columbia and congressional committees, and published a special report on contract terms in dispute between the D.C. Board of Education and the Washington Teachers' Union.

Parents United strongly endorses the FY 1983 school budget figure of $284 million requested by the District of Columbia. In support of this request, we respectfully submit a copy of the budget analysis which was issued in January of this year. We believe that this analysis fully supports the FY 1983 budget figure of $284 million which is now before your Committee.

PARENTS UNITED FOR FULL PUBLIC SCHOOL FUNDING
733 15th Street, N.W., Suite 433
Washington, D.C. 20005
Telephone: 783-8585

JANUARY 1982 UPDATE

MINIMUM NEEDS FY 1983 SCHOOL BUDGET OF $289 MILLION SUPPORTED BY PARENTS UNITED ANALYSIS

At the hearings before the D.C. City Council on the FY 1983 public school budget which are scheduled to begin at 10:00 a.m. on Friday, January 22, in the Council Chambers, the Mayor will present a school budget of $263 million. He has stated that this amount of funding will replicate services currently available to the system, allow for implementation of the school system's skill mastery programs (the Competency Based Curriculum (CBC), the Student Progress Plan (SPP) and the Intensive Junior High School Program (IJHSP)), compensate for losses in federal aid and prevent any further reductions in teaching personnel.

The D.C. Board of Education has requested funding at the level of $289 million for FY 1983. Neither the Mayor's budget figure of $263 million nor the School Board's request include funds for pay increases for school personnel in FY 1982 or FY 1983. The Board has assumed and the Mayor has agreed that the City will be responsible for these pay increases as it has been for other city agencies.

In order to determine the adequacy of the funding levels set in the Mayor's budget mark and requested by the Board, Parents United for Full Public School Funding has just completed a two-part analysis. The first part of the analysis assesses the amount of funding which will be required in FY 1983 merely to replicate current FY 1982 services and programs. The second part of the analysis adds to the replication budget a selected number of basic classroom program restorations and improvements which are necessary to return the system to the level of services available before the drastic budget cuts were inflicted and a limited number of other program improvements. The major conclusions of the analysis are as follows:

1) A minimum FY 1983 budget of $274 million will be required simply to replicate services currently available to D.C. public school children in FY 1982. This figure assumes a vigorous school closing policy and savings from declining enrollment.

2) The school system's budget request of $289 million is at best a minimum figure for operating the schools effectively in FY 1983 since at least $297 million will be required to replicate existing programs, implement skills mastery programs (CBC, SPP and IJHP), reduce pupil/teacher ratios to levels available to children before drastic budget cuts, add a substantial number of classroom aides, up-date equipment and supplies, and comply with court-ordered special education reforms. (The $297 million figures does not include any funding for numerous important programs included in the D.C. School Board's request; reference to this figure is intended solely to demonstrate that the level of funding requested by the schools is conservative in light of the system's pressing needs.)

Parents United's analysis of the Mayor's budget mark for FY 1983 and the School Board's request should be reviewed in light of the study we have recently released comparing the FY 1982 public school budgets of Montgomery County and the District of Columbia. This study found that while both systems serve approximately the same number of students and have similar numbers of buildings:

- For a student body much less in need of special attention, Montgomery County will spend in FY 1982 $67.5 million more in comparable categories than the District of Columbia. In FY 1981, the gap was $52.9 million. The total state and local budget for the District is $253.8 million versus $321.3 million for Montgomery County.

- Because it has so much less money available to support its schools, the District has 466 fewer teachers than Montgomery County, even though it allocates 1% more of its state and local funds to this category.

- The District has 86 classroom aides, 75 of them in special education while Montgomery County has 601 -- over seven times as many.
- The District allocates 69% as much as Montgomery County on texts, supplies and materials of instruction and educational equipment -- $4.4 million versus $6.4 million.
- The three classroom categories -- teachers, aides and texts and supplies -- consume about the same percentage of each district's budget but D.C. has $373 per pupil less to spend in these categories than Montgomery County. Last year D.C. lagged by $269 per pupil.
- D.C. spends half as much on its school libraries as does Montgomery County, $4.8 million for the District versus $9.0 million for Montgomery County.
- D.C. and Montgomery County each spend approximately 4% of their state and local funds on administration. D.C. has 337 positions for central administration and support, while Montgomery County has 378 such positions.

ANALYSIS OF FUNDS REQUIRED IN FY 1983 TO REPLICATE D.C. PUBLIC SCHOOL PROGRAMS AVAILABLE IN FY 1982

		(in thousands)
1.	Base budget FY 1982 (as appropriated)	$ 253,794.4
2.	FY 1982 added salary cost (unbudgeted)	+ 2,186.1
3.	Savings in FY 1983 attributed to declining enrollment	- 3,239.8
4.	Savings in FY 1983 if 15 buildings were closed	- 2,052.1
5.	FY 1983 increases in in-grade salary and fringe benefits	+ 4,897.4
6.	FY 1983 inflationary increase for energy	+ 2,686.8
7.	FY 1983 inflationary increase for other non-personnel items (at 8.6%)	+ 1,721.8
8.	Tuition for additional handicapped pupils in private institutions	+ 600.0
	Subtotal	$ 260,594.6
9.	Replacement of vehicles	+ 900.0
10.	Equipment for renovated schools	+ 953.5
	Subtotal	$ 262,448.1
11.	Services previously funded with federal impact aid	+ 2,928.8
12.	Services previously funded with federal categorical aid	+ 9,000.0
	TO REPLICATE THIS YEAR'S SERVICES IN FY 1983 *	$ 274,376.9

ADDITIONAL FUNDING REQUIRED TO SUPPORT SPECIFIC RESTORED CLASSROOM SERVICES AND BASIC SYSTEM IMPROVEMENTS

13.	Decrease class size - 287 teachers	+ 6,900.0

to 22 in kindergarten (now 25)
to 25 in grades 1-6 (now 28)
to 26 in junior high academic (now 28)
to 18 in junior high shop (now 20)
to 18 in senior high shop (now 20)

---

* This figure does not include funds to cover cost of living pay increases for FY 1982 and FY 1983. It is understood that the Mayor will be responsible for the cost of these increases, just as he has been for other city agencies.

14.	Complete implementation of staffing for CBC, SPP & IJHP (basic skills mastery required for promotion - 119 resource & 11 transition teachers to achieve ratios of:	+ 3,100.0
	162 to 1 at elementary level 322 to 1 at junior high level	
15.	Add instructional program aides	+ 5,900.0
	200 elementary: 1 per first grade class in 4/5 of classes 150 secondary, 0.5 per secondary English teacher	
	150 special education	
16.	Improve school libraries:	
	Increase per pupil expenditures for library books and materials to permit purchase or replacement of -	+ 600.0
	1 item per elementary pupil ($6.00/item) 1.5 items per junior high pupil 2 items per senior high pupil	
	Add library aides, average 1 per library	+ 2,400.0
17.	Increase per pupil expenditures for textbooks, workbooks, classroom supplies, etc., to per pupil standards used by Montgomery County:	+ 1,700.0

	Texts	Workbooks, etc.
K	$ 6.00	
1-6	18.00	$ 21.13
JHS	24.00	37.17
SHS	24.00	39.30

18.	Initial costs of taking over multi-lingual high school	+ 500.0
19.	Augment special education services	+ 600.0
20.	Expand in-service staff training	+ 500.0
21.	Expand security force to permit assignment of:	+ 1,000.0
	3 security personnel per regular JHS and SHS 30 security personnel among all other schools	
	TOTAL	$ 297,576.9

Calculations and Explanation

1. Base budget FY 1982. The budget mark for the current school year, as now appropriated by authority of the City Council and the federal government.

2. FY 1982 added salary cost. According to the school system, the current budget for FY 1982 assumes average salaries that were underestimated. The total shortfall in salary is now estimated at $2,186,100.

3. Savings in FY 1983 attributable to declining enrollment.

	Proj'd enroll. FY 1983	Current Ratio	No. Teachers Needed At Current Ratio FY 1983 *	Number Teachers Budgeted FY 1982	Difference
K	5,600	24/1	233	239	- 6
1-6	39,300	28/1	1,404	1,527	- 123
JHS 20,900					net -26
Acad.	17,417	28/1	746	830	- 84
Shop	3,483	20/1	209	151	+ 58
SHS 14,870					net +49
Acad.	12,392	26/1 **	572	526	+ 46
Shop	2,478	20/1 **	149	146	+ 3
			TOTAL		- 106

* In calculating the number of teachers needed, each secondary teacher position only counts as 5/6 since teachers teach 5 periods of 6 each day.

** This is the "official ratio" -- but the actual ratio in FY 1982 is 31 to 1 academic and 22 to 1 shop, according to positions as itemized in the Program Budget.

Thus, if the school system were to maintain this year's pupil/teacher ratios next year, it would need 106 fewer teachers at an average savings of $24,661 per teacher, for a total savings of classroom teachers of $2,614,100. (We assume that the teachers leaving the system would be an equal mix of the most and least costly, i.e., the most senior, who will retire, and the most junior, who would not be re-employed. Average teacher cost includes adjustment performed for line 2, above.

The cost of texts, supplies and materials would decrease as follows:

	Proj'd Enroll. Decline FY 1982-FY 1983	Cost Per Pupil FY 1982	Saving
K-6	2,800	$ 29.76	$ 83,328
JHS	300	25.57	7,671
SHS	1,300	26.72	34,736
		TOTAL	$125,735

Finally, in some schools the decreased enrollment would entitle them to one fewer counsellor, school secretary, special subject teacher, etc. We estimate that this would not exceed 20 to 25 positions, at a savings of about $ 500,000.

Total savings:	$ 2,614.1
	125.7
	500.0
	$ 3,239.8

4. Savings in FY 1983 if 15 buildings were closed.

Utilities and services	15 x $ 100,000	$ 1,500,000
RW-3 custodians	15 x 15,238	228,570
RW-8 custodians	15 x 21,567	323,505
		$ 2,052,075

Note that savings occur only if buildings are not only closed for their present purpose, but also removed from the school system's inventory. (In fact, there are no savings to the taxpayer unless the city puts city offices in the buildings or sells or leases them.)

The average cost of utilities this year in regular elementary, junior and senior high school buildings (where closings are most likely) is $ 100,000. We assume savings of two custodial positions per building (savings are current average salaries adjusted by factors in line 2, above). The school system disagrees that custodial positions can be eliminated, because under the formula it uses for assigning custodial personnel to schools, the system is now understaffed and all custodians in closed buildings would be transferred to buildings currently short of custodians.

5. FY 1983 increase in in-grade salary and fringe benefits.

The school system has estimated $ 4,897,400 for this item.

6. Energy inflation. 92.5% x $ 2,904,600 = $ 2,686,800

The school system estimates added costs for energy from inflation to be $ 2,904,600, based upon estimates from its suppliers of fuel oil, gas, etc. If 15 buildings were closed, the system would have approximately 7.5% less space for which to provide utilities, reducing the cost of inflation by that amount.

7. FY 1983 inflationary increases in other non-personnel costs.

$ 38,730,300	total non-personnel FY 1982
- 18,584,000	energy (covered in line 6, above)
$ 20,146,300	
- 125,700	savings in texts, etc. from declining enrollment
$ 20,020,600	x 8.6% = $ 1,721,800

The school system budgeted this item at only $ 1 million. But using the City's estimate of an increase of 8.6%, these costs, including an adjustment for declining enrollment would amount to substantially more. Note that these costs include tuition now being paid for handicapped children in private institutions.

8. Tuition for additional handicapped children in private institutions.

Per the school system's calculation of additional tuition payments required by the July 3, 1980, agreement between the Board of Education and the Mayor requiring the Board to assume financial responsibility for all instructional costs of handicapped children ages 3 to 21 placed in 24-hour residential facilities (costs previously borne by DHS).

9. Replacement of vehicles.

Per the school system's calculation, to replace 97 vehicles (68 busses and vans and 19 trucks and other working vehicles). Vehicles are designated for replacement in accordance with age and mileage guidelines set forth in the replacement schedule of the D.C. Bureau of Material Management. No significant number of vehicles has been replaced since 1976.

10. Equipment for renovated schools.

Per the school system's calculation, to complete renovation by adding equipment, etc., prerequisite to use for science rooms, libraries, shops and language laboratories.

11. Absorption of reductions in federal impact aid.

Local funding has already absorbed $ 2.2 million in impact aid cuts this year (another $ 700,000 in services was cut altogether). The remaining impact aid will be eliminated next year. According to the program budget (as summarized by Parents United), the programs and services now paid for with impact aid are:

Instruction, other direct services to students (mostly pre-schools)	$ 1,373,400	47%
Centralized instructional support (mostly standardized testing program)	572,300	19%
Central administration and business services	983,200	34%
	$ 2,928,900	100%

12. Absorption of reductions in federal categorical aid.

Per the school system's current estimate of cuts for next year.

13. Decrease class sizes

	Proj'd enroll. FY 1983	Current Ratio	No. Teachers Needed at cur. ratio FY 1983	Smaller ratio	No. Teachers Needed at smaller ratio *	Diff.
K	5,600	24/1	233	22/1	255	22
1-6	39,300	28/1	1,404	25/1	1,572	168
JHS 20,900						
Acad.	17,417	28/1	746	26/1	804	58
Shop	3,483	20/1	209	18/1	232	23
SHS 14,870						
Acad.	12,392	26/1 **	572	--	--	--
Shop	2,478	20/1 **	149	18/1	165	16
						287

* In calculating the number of teachers needed, each secondary teacher position only counts as 5/6, since teachers teach 5 periods out of 6 a day.

** This is the "official" ratio -- but actual ratio this year is 31 to 1 academic and 22 to 1 shop according to positions as itemized in the Program Budget.

287 x $ 24,000 = $ 6,888,000

Note that the 287 positions include 106 positions eliminated earlier in our calculation to match declining enrollment. If smaller classes were implemented, only 181 new positions would be required, since the 106 positions already exist. The salary of these new teachers is assumed to be below the average.

14. Resource and transition teachers.

119 elementary resource teachers
11 junior high transition teachers
130 x $ 24,000 = $ 3,120,000

119 resource teachers would provide the services in grades 4-6 that the current number (123) was intended to provide for grades 1-3.

15. Instructional aides.

250 DS-2 aides x $ 10,000 = $ 2,500,000
250 DS-4 aides x $ 13,000 = $ 3,250,000
$ 5,750,000

The addition of 500 aides would bring the District to approximately the level of Montgomery County, which has budgeted for this year:

184 elementary aides
123 secondary aides
294 special education aides

compared to the District's aides:

3 elementary aides
8 secondary aides (7 bilingual)
75 special education aides

16. Improved school libraries.

180 DS-4 aides x $ 13,000 = $ 2,340,000

The District currently has no library aides. Adding an average of 1 per library would leave it below the level in Montgomery County (205). We assume that high schools and larger junior highs would have 2 aides and small elementary schools none.

Assuming an average cost of $ 6.00 per library item:

	Amt.bud'd per pupil FY 1982	Goal: items to be pur'd or replaced per pupil	Total amt. needed per pupil	Short-fall	Proj'd enroll. FY 1983	Total add'l. amount needed
Ele.	$1.59	1 item	$ 6.00	$ 4.41	44,900	$198,009
JHS	0.79	1.5 items	9.00	8.21	20,900	171,589
SHS	1.37	2 items	12.00	10.63	17,500	186,025
						$555,623

Compare the per pupil amounts budget by Montgomery County for this fiscal year:

elementary	$ 7.84 per pupil
middle school	7.04
JHS	6.31
SHS	12.07

17. Texts, supplies and materials of instruction.

	Amt. bud'd per pupil FY 1982	MCPS Standard	Shortfall	Proj'd enroll FY 1983	Add'l. funds needed
			Texts		
Ele.	$13.37	$16.49	$ 3.12	44,900	$ 140,088
JHS	7.39	24.00	16.61	20,900	347,149
SHS	7.85	24.00	16.15	17,500	282,625
			Supplies and Materials		
Ele.	$16.39	$21.13	$ 4.74	44,900	$ 212,826
JHS	18.18	37.17	18.99	20,900	396,891
SHS	18.87	39.30	20.43	17,500	357,525
				TOTAL	$1,737,104

18. Multi-lingual high school.

Per the school system's estimate. The existing program, funded by the Labor Department (not through the school system) is scheduled to lose its funding. It enrolls 150 pupils and last fall had a waiting list of 50. The school system has not itemized the services it would fund, but we estimate that the amount requested would be approximately enough to pay a director, counselor, librarian, school secretary, 10 teachers, 5 aides and to purchase texts, supplies and equipment. Currently the only resources budgeted for high school students who speak little or no English are two bilingual teachers.

19. Special education. Per the school system's request.

4 TS-10 supervisors (to supervise mainstreaming in local schools -- restoration positions)	$ 137,696

16 TS-15 teachers (diagnostic teaching for students in schools for the handicapped being transferred to mainstream classes in local schools -- expansion of a federally funded pilot program)	297,952
11 DS-4 therapy aides (anticipating loss of federally funded positions)	147,466
Supplies and materials	16,886
	$ 600,000

20. In-service training. Per the school system's request, which would bring the District to approximately the level budgeted in Montgomery County for this fiscal year.

21. Security.

80 DS-4 school-community coordinators x $13,000 = $1,040,000

Currently 73 "school-community coordinators" are budgeted for all of the District's 176 schools serving elementary and secondary pupils. An increase of 80 would enable the system to place 3 security personnel in each regular junior high and senior high (on the average) plus at least one in 30 other schools troubled by crime, vandalism, outside intruders, etc.

28 junior high schools	x	3		84
13 senior high schools	x	3		39
30 other schools				30
				153
			-	73 now budgeted
				80

CONCLUSION OF HEARINGS

Mr. Leeth. Ms. Frankel has not arrived yet? On that basis, the subcommittee will stand adjourned until the call of the Chair. Thank you.

[Whereupon, at 4:30 p.m., Wednesday, June 23, the hearings were concluded and the subcommittee recessed, subject to the call of the Chair.]

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